

X-1530

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED JULY 3, 1931

CHANGES IN STATE BANK MEMBERSHIP:

Dis-
trict

Capital

Date

Admitted to Membership:

None.

Consolidations:

2	Farmers & Mechanics Bank, Jamestown, N. Y., nonmember, \$525,000	7- 1-31
	American National Bank, 300,000	
	Consolidated with Bank of Jamestown, member, . . 500,000	
7	Alpena National Bank, Alpena, Mich., 150,000	6-24-31
	Consolidated with Alpena Trust & Savings Bank, Alpena, Mich., member, 200,000	
8	Peoples National Bank, Hillsboro, Ill., 100,000	5-29-31
	Consolidated with Montgomery County Loan & Trust Co., Hillsboro, Ill., member, 100,000	

Closed:

7	Farmers State Savings Bank, Milford, Mich., 25,000	6-30-31
7	Lapham State Savings Bank, Northville, Mich., 50,000	6-30-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

6	First National Bank in Decatur, Ala. (Full powers)	6-30-31
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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED JULY 10, 1931

CHANGES IN STATE BANK MEMBERSHIP:

Dis-
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Date

Admitted to Membership:

None.

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

2	Merchants National Bank in Plattsburg, N. Y. (Full powers)	6-16-31
6	First National Bank in Decatur, Ala. (Limited powers) (reported last week, in error, as having full powers)	6-30-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED JULY 17, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>	<u>Admitted to Membership:</u>	<u>Capital</u>	<u>Date</u>
	None.		
	<u>Closed:</u>		
7	State Savings Bank, Fenton, Mich.,	\$100,000	7-14-31
	<u>Consolidation:</u>		
9	Reclamation State Bank, Newell, S. Dak., member, 25,000 Irrigators State Bank, Nisland, S. Dak., nonmember, 10,000 Consolidated under charter and title of Reclamation State Bank, member,	25,000 10,000 25,000	6-20-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

6	First National Bank in Gulfport, Miss. (Full powers)	7-13-31
8	First National Bank, Jackson, Tenn. (Limited powers)	7-15-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED JULY 24, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None.			
<u>Absorption of National Bank:</u>			
2	Manufacturers Trust Co., New York, N. Y., member, absorbed the Lebanon National Bank,	\$27,500,000 500,000	7-15-31
<u>Voluntary Withdrawals:</u>			
7	Lowden Savings Bank, Lowden, Iowa,	25,000	7-23-31
9	Minnetonka State Bank, Excelsior, Minn.,	25,000	7-24-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
1	Mystic River National Bank, Mystic, Conn. (Full powers)		5-29-31
11	First National Bank, Corsicana, Tex. (Confirmatory)		7-23-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED JULY 31, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
7	Central Republic Bank & Trust Co., Chicago, Ill. (Successor to Central Trust Co. of Illinois, member)	\$14,000,000	7-25-31
<u>Absorbed by National Bank:</u>			
4	Steubenville Bank & Trust Co., Steubenville, O. Absorbed by National Exchange Bank, Steubenville, O.	650,000	7-30-31
<u>Consolidation:</u>			
7	Ottumwa Savings Bank, Ottumwa, Iowa, member, . . .	100,000	7-11-31
	Iowa National Bank, " " , . . .	200,000	
	Ottumwa National Bank, " " , . . .	100,000	
	Wapello County Savings Bank, " " , nonmember, . .	50,000	
	Above banks consolidated under new charter and title of Union Bank & Trust Co.,	300,000	

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None.

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED AUGUST 7, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
2	American Express Bank & Trust Co., New York, N. Y.	\$10,000,000	8- 6-31
<u>Closed:</u>			
2	American Union Bank, New York, N. Y.,	1,000,000	8- 5-31
2	International-Madison Bank & Trust Co., New York, N.Y.	1,750,000	8- 5-31
2	Times Square Trust Co., New York, N. Y.,	1,000,000	8- 5-31
4	Minerva Savings & Bank Co., Minerva, Ohio,	125,000	7-31-31
<u>Absorption of National Bank:</u>			
2	Labor National Bank, Jersey City, N. J.,	400,000	7-31-31
	absorbed by		
	New Jersey Title Guarantee & Trust Co., member, . . .	2,000,000	

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None.

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED AUGUST 14, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
9	State Savings Bank, Escanaba, Mich.,	\$100,000	8-12-31
<u>Voluntary Withdrawal:</u>			
1	Menotomy Trust Co., Arlington, Mass.,	200,000	8-14-31
<u>Consolidation:</u>			
7	Bank of Dearborn, Dearborn, Mich., member,	200,000	8- 1-31
	Union State Bank, nonmember,	200,000	
	Bank of Commerce, nonmember,	200,000	
	Consolidated under charter of Bank of Dearborn and title of Guardian Bank of Dearborn, a member.		
<u>Closed:</u>			
8	Bank of Henning, Henning, Tenn.,	100,000	8-13-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None.

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED AUGUST 21, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None.			
<u>Consolidation of State Members:</u>			
2	Midwood Trust Co., Brooklyn, N. Y., member, . . . Manufacturers Trust Co., New York, N. Y., member, Consolidated under charter and title of latter.	\$1,000,000 1,000,000	8-11-31
<u>Closed:</u>			
4	Commerce Guardian Trust & Savings Bank, Toledo, O.	1,400,000	8-17-31
4	Union Savings & Trust Co., Warren, O.,	550,000	8-20-31
7	Citizens State Bank, Big Rapids, Mich.,	50,000	8-21-31
7	Peoples State Savings Bank, Britton, Mich.,	25,000	8-20-31
<u>Absorption of Nonmembers:</u>			
5	American Bank & Trust Co., Richmond, Va., member, absorbed Richmond Trust Co., nonmember,	3,500,000 500,000	8-17-31
7	Alpena Trust & Savings Bank, Alpena, Mich., member, absorbed Montmorency County Savings Bank, Hillman, Mich., nonmember,	400,000 20,000	8- 5-31
10	Fidelity State Bank, Aurora, Nebr., member, absorbed Giltner State Bank, Giltner, Nebr., nonmember,	50,000 25,000	7-25-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
4	Logan National Bank & Trust Co., New Kensington, Pa. (Limited powers)		8-14-31
6	Florida National Bank & Trust Co. in Miami, Fla. (Full powers)		8-14-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED AUGUST 28, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
6	Greene County Union Bank, Greeneville, Tenn.,	\$75,000	8-27-31
7	Union Bank & Trust Co., Ottumwa, Iowa,	300,000	8-22-31
<u>Absorption of National Bank:</u>			
2	Peoples Bank & Trust Co., Passaic, N. J., member,	850,000	8-26-31
	absorbed the American National Bank of Passaic,	200,000	
<u>Absorbed by National Bank:</u>			
4	First-Citizens Trust Co., Columbus, Ohio, member,	2,500,000	8-24-31
	absorbed by Ohio National Bank of Columbus,	1,500,000	
<u>Closed:</u>			
2	Globe Bank & Trust Co., Brooklyn, N. Y.,	1,525,000	8-22-31
2	Bank of Europe Trust Co., New York, N. Y.,	1,000,000	8-27-31
7	State Bank of Caledonia, Caledonia, Mich.,	50,000	8-22-31
7	Dansard State Bank, Monroe, Mich.,	200,000	8-28-31
<u>Consolidation of State Members:</u>			
7	Lilley State Bank, Tecumseh, Mich., member,	40,000	8-19-31
7	Tecumseh State Savings Bank, member,	50,000	
	Consolidated under charter of the latter and title of United Savings Bank, member,	50,000	
<u>Voluntary Withdrawal:</u>			
7	Gilbert Savings Bank, Gilbert, Iowa,	25,000	8-27-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
2	First National Bank in Sidney, Sidney, N. Y. (Full powers)		8-26-31
7	Second National Bank, Belvidere, Ill. (Supplemental)		8-26-31

FEDERAL RESERVE BOARD ANNOUNCEMENT

WEEK ENDED SEPTEMBER 4, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to membership:</u>			
None.			
<u>Absorption of National Bank:</u>			
8	Manufacturers Trust Co., New York, N. Y., member, Absorbed the Brooklyn National Bank,	\$ 27,500,000 1,500,000	8-25-31
<u>Closed:</u>			
7	Bay City Bank, Bay City, Mich.,	400,000	9- 2-31
<u>Absorption of Nonmember:</u>			
7	Chemical State Savings Bank, Midland, Mich., member, Absorbed Peoples State Savings Bank, nonmember,	50,000 50,000	9- 1-31
<u>Absorption by National Bank:</u>			
12	Security State Bank, Odessa, Washington, member, Absorbed by Old National Bank & Union Trust Co., Spokane, Washington,	50,000 1,500,000	8-26-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None.

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FEDERAL RESERVE BOARD ANNOUNCEMENT

WEEK ENDED SEPTEMBER 11, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>	<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>		
None.		
<u>Absorbed by State Member:</u>		
5 Union Bank & Federal Trust Co., Richmond, Va., member,	\$750,000	9- 9-31
Absorbed by Bank of Commerce & Trusts, Richmond, . member	600,000	
<u>Closed:</u>		
7 State Savings Bank, Caro, Mich.,	75,000	9- 8-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

3 Harleysville National Bank, Harleysville, Pa. (Full Powers)	9- 8-31
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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED SEPTEMBER 18, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None.			
<u>Consolidations:</u>			
2	Continental Bank & Trust Co., New York, N. Y., member, \$6,000,000		9-15-31
	International Trust Co., member,	3,200,000	
	Straus National Bank & Trust Co.,	2,000,000	
	Consolidated under charter and title of		
	Continental Bank & Trust Co., member,	6,000,000	
2	Manufacturers Trust Co., New York, N. Y., member,	27,500,000	
	Midtown Bank, New York, N. Y., nonmember,	769,000	8-4-31
	Bryant Park Bank, New York, N. Y., nonmember,	500,000	8-25-31
	Consolidated with and under the charter and title of		
	Manufacturers Trust Co., member,	27,500,000	
7	Home State Bank for Savings, Grand Rapids, Mich.,		
	member,	400,000	9-15-31
	American National Bank, Grand Rapids, Mich.,	500,000	
	Security National Bank,	500,000	
	Consolidated under the charter of the Home State		
	Bank for Savings and under the title of		
	American Home Security Bank, member,	400,000	
<u>Closed:</u>			
7	Peoples State Bank, Flushing, Mich.,	25,000	9-12-31
7	State Savings Bank, Ionia, Mich.,	100,000	9-12-31
7	Farmers State Bank, Vicksburg, Mich.,	40,000	9-16-31
11	First State Bank & Trust Co., Snyder, Texas,	50,000	9-18-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

3	Hatboro National Bank, Hatboro, Pa. (Full powers)	9-15-31
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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED SEPTEMBER 25, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
7	Guardian Bank of Royal Oak, Royal Oak, Mich.	\$100,000	9-18-31
<u>Change of Title:</u>			
2	The Peoples Trust Co., Binghamton, N. Y., has changed its title to Marine Midland Trust Co. of Binghamton.		9-25-31
<u>Absorbed by National Bank:</u>			
4	American State Bank, St. Marys, Ohio, member, absorbed by First National Bank of St. Marys	50,000 60,000	9-19-31
<u>Closed:</u>			
3	Dime Bank Title & Trust Co., Wilkes-Barre, Pa.	500,000	9-22-31
7	Union State Savings Bank & Trust Co., Kewanee, Ill. ..	150,000	9-21-31
11	Slaton State Bank, Slaton, Texas	25,000	9-21-31
12	Citizens Bank & Trust Co., Pocatello, Idaho	100,000	9-23-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED OCTOBER 2, 1931

CHANGES IN STATE BANK MEMBERSHIP:

Dis-
trict

Capital

Date

Admitted to Membership:

None

Closed:

5	Miners Savings Bank & Trust Co., Olyphant, Pa.	\$350,000	9-30-31
4	Union Savings Bank & Trust Co., Steubenville, O.	350,000	10- 2-31
5	Broadway Bank & Trust Co., Richmond, Va.	300,000	9-26-31
7	Peoples Trust & Savings Bank, Clinton, Ia.	300,000	9-30-31
7	American Savings Bank & Trust Co., Davenport, Ia.	1,600,000	10- 1-31
7	Farmers & Merchants State Bank, Carson City, Mich	25,000	9-28-31
11	First State Bank, Cross Plains, Tex.	30,000	10-1 -31
11	City Central Bank & Trust Co., San Antonio, Tex.	1,300,000	9-28-31
12	Holtville Bank, Holtville, Calif.	75,000	9-24-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

7	Albion National Bank, Albion, Ind.	(Limited)	9-30-31
7	First National Bank, Aurora, Ill.	(Full)	9-29-31
7	First National Bank in East Chicago, Ind.	(Full)	10- 1-31
7	Union National Bank of Indiana Harbor at East Chicago, Ind.	(Full)	10-1-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED OCTOBER 9, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
9	Security Bank & Trust Co., Madison, So. Dak.	\$50,000	10- 6-31
<u>Closed:</u>			
3	Glenside Bank & Trust Co., Glenside, Pa.	300,000	10- 3-31
4	Dime Savings Bank, Canton, Ohio	500,000	10- 5-31
4	Citizens Savings Bank, Upper Sandusky, Ohio	50,000	10- 8-31
7	Moville State Bank, Moville, Iowa	35,000	10- 8-31
<u>Absorbed by National Bank:</u>			
11	First State Bank, Corsicana, Texas, member,	200,000	10- 3-31
	absorbed by State National Bank of Corsicana	300,000	

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED OCTOBER 16, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
4	Potters Bank & Trust Co., East Liverpool, Ohio, . . .	\$580,000	10-13-31
<u>Closed:</u>			
3	Wildwood Title & Trust Co., Wildwood, N. J., . . .	100,000	10-15-31
4	City Trust & Savings Bank, Youngstown, Ohio, . . .	1,000,000	10-15-31
4	Dollar Savings & Trust Co., Youngstown, Ohio, . . .	2,500,000	10-15-31
5	Grafton Banking & Trust Co., Grafton, W. Va., . . .	100,000	10-10-31
5	Peoples Trust Co., Martinsburg, W. Va., . . .	250,000	10-16-31
11	Ballinger State Bank, Ballinger, Tex., . . .	40,000	10-10-31
<u>Absorbed by National Bank:</u>			
5	Hardy County Bank, Moorefield, W. Va.,	50,000	10-13-31
	absorbed by South Branch Valley National Bank, . . .	100,000	
<u>Change of Title:</u>			
12	Knight Trust & Savings Bank, Provo, Utah,		10- 8-31
	title changed to First Security Bank		
<u>Voluntary Withdrawal:</u>			
12	Multnomah Commercial & Savings Bank, Multnomah, Ore.	25,000	10-13-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
6	Calcasieu National Bank, in Lake Charles, La. (Full powers)		10- 5-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED OCTOBER 23, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None			
<u>Absorption of National Bank:</u>			
4	Woodlawn Trust Co., Aliquippa, Pa., member,	\$125,000	10-15-31
	absorbed the Aliquippa National Bank	100,000	
<u>Absorption of Nonmember:</u>			
4	Union Trust Co., Greensburg, Pa., member,	400,000	9-24-31
	absorbed the Maddas Bank & Trust Co., Greensburg, .	150,000	
	(nonmember)		
<u>Succeeded by National Bank:</u>			
12	Inland Empire Bank, Pendleton, Ore., member,	250,000	10-19-31
	Succeeded by First Inland National Bank, Pendleton,	400,000	
<u>Closed:</u>			
2	Amherst Bank, Williamsville, N. Y.,	100,000	10-23-31
3	Bank of Auburn, Auburn, Pa.,	50,000	10-19-31
4	City Savings Bank & Trust Co., Alliance, Ohio,	250,000	10-22-31
4	Ohio-Merchants Trust Co., Massillon, Ohio,	1,000,000	10-22-31
6	Citizens Banking Company, Eastman, Ga.,	100,000	10-19-31
7	First State Bank, Petoskey, Mich.,	75,000	10-17-31
7	United Savings Bank, Tecumseh, Mich.,	50,000	10-20-31
8	Fidelity Bank & Trust Co., St. Louis, Mo.,	200,000	10-23-31
11	First State Bank, Munday, Tex.,	35,000	10-23-31
11	First State Bank, Seymour, Tex.,	35,000	10-21-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED OCTOBER 30, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
4	Commercial Bank, Delphos, Ohio,	\$75,000,	10-27-31
<u>Absorbed by State Member:</u>			
2	Utica Trust & Deposit Co., Utica, N. Y., member,	500,000	10-26-31
	absorbed by First Bank & Trust Co., member,	1,500,000	
<u>Absorption of Nonmember:</u>			
3	Equitable Trust Co., Atlantic City, N. J., member,	200,000	10-13-31
	absorbed Chelsea Safe Deposit & Trust Co., nonmem.	100,000	
7	State Bank of Cuba, Cuba, Ill., member,	50,000	10-10-31
	absorbed State Bank of St. David, Ill.; nonmem.	15,000	
<u>Absorption of National Bank:</u>			
3	Equitable Trust Co., Atlantic City, N. J., member,	200,000	10-13-31
	absorbed Pacific Avenue National Bank,	200,000	
<u>CLOSED:</u>			
2	Federation Bank & Trust Co., New York, N. Y.	750,000	10-30-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
7	Old-First National Bank in Bluffton, Ind. (Confirmatory)		10-28-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED NOVEMBER 6, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None			
<u>Closed:</u>			
3	Peoples Trust Co., Frackville, Pa.,	125,000	11- 4-31
4	Union Trust Co., Dayton, Ohio,	1,500,000	10-31-31
4	Farmers Savings & Trust Co., Mansfield, Ohio,	225,000	11- 4-31
8	Lawrence County Bank, Walnut Ridge, Ark.,	100,000	11- 5-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED NOVEMBER 13, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None			
<u>Consolidation of State Members:</u>			
2	Ridgefield Park Trust Co., Ridgefield Park, N. J., .	\$100,000	11-2-31
2	Overpeck Trust Co., Ridgefield Park, N. J.,	150,000	11-2-31
	Consolidated under charter of the former and title of Ridgefield-Overpeck Trust Co., member. .		
<u>Voluntary Withdrawal:</u>			
2	Trust Company of Wyoming County, Warsaw, N. Y., . . .	100,000	11-12-31
<u>Closed:</u>			
11	Beeville Bank & Trust Co., Beeville, Texas,	50,000	11-12-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED NOVEMBER 20, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None			
<u>Consolidation of State Members:</u>			
2	Citizens Trust Co., Utica, N. Y., member,	\$1,625,000	11-14-31
2	First Bank & Trust Co., Utica, N. Y., member,	1,500,000	" " "
	Consolidated under charter of the latter and title of First Citizens Bank & Trust Co., member,		
<u>Reopened:</u>			
5	Peoples Trust Co., Martinsburg, W. Va.,	250,000	11-14-31
9	State Bank of Madelia, Madelia, Minn.,	50,000	11-16-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
2	Auburn-Cayuga National Bank & Trust Co., Auburn, N. Y. (Confirmatory; full powers)		11-18-31

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FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED NOVEMBER 27, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None			
<u>Absorption of Nonmember:</u>			
10	Sundance State Bank, Sundance, Wyo., absorbed Hulett State Bank, Hulett, Wyo., nonmember,	\$25,000 15,000	11-14-31
11	Commercial American Bank & Trust Co. Shreveport, La. (member) absorbed Continental Trust & Savings Bank, nonmem. and changed title to Continental-American Bank & Trust Co.	300,000 400,000 700,000	10-31-31
<u>Absorbed by National Bank:</u>			
11	First State Bank, Wortham, Texas, member, absorbed by First National Bank, Wortham, Texas,	50,000 60,000	11-14-31
<u>Closed:</u>			
5	Westminster Bank, Westminster, S. C.	50,000	11-27-31
8	Farmers State Bank, Conway, Ark.	60,000	11-23-31
<u>Voluntary Withdrawal:</u>			
9	Powder River County Bank, Broadus, Mont.	25,000	11-25-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
12	First Inland National Bank, Pendleton, Ore. (Full Powers)		11-23-31

X-1530

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED DECEMBER 4, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None			
<u>Consolidations:</u>			
2	Peoples Bank & Trust Co., Passaic, N. J., member, . . .	\$850,000	12- 1-31
	City Trust Co., Passaic, N. J., nonmember,	400,000	
	Lincoln National Bank of Passaic	500,000	
	Consolidated under charter and title of Peoples Bank & Trust Co., member.		
4	First City Trust & Savings Bank, Akron, Ohio, member, . . .	3,750,000	10-18-31
	Central Depositors Bank & Trust Co., Akron, member, . . .	2,750,000	
	Consolidated under charter of former and title of First Central Trust Co., member.		
<u>Absorption of Nonmember:</u>			
7	Oak Park Trust & Savings Bank, Oak Park, Ill., member, . . .	1,000,000	11- 1-31
	absorbed North Oak Park State Bank, nonmember, . . .	100,000	
12	Dallas City Bank, Dallas, Ore., member,	50,000	11-30-31
	absorbed Bank of Falls City, Ore., nonmember,	15,000	
<u>Closed:</u>			
8	Community Bank & Trust Co., Hot Springs, Ark.,	100,000	11-30-31
12	Commercial Bank, Okanogan, Wash.,	50,000	11-30-31
<u>PERMISSION GRANTED TO EXERCISE TRUST POWERS:</u>			
2	Farmers National Bank, Sussex, N. J., (Supplemental)		11-30-31

X-1530

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED DECEMBER 11, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None:			
<u>Absorbed by State Member:</u>			
3	North York State Bank, York, Pa., member,	\$40,000	12-4-31
	absorbed by York Trust Co. of York, a member,	750,000	
<u>Succeeded by Nonmember:</u>			
3	The Olyphant Bank, Olyphant, Pa., member,	100,000	11-30-31
	Succeeded by Mid-Valley Trust Co., nonmember,	150,000	
<u>Absorption of Nonmember:</u>			
"2	New Jersey Title Guarantee & Trust Co., Jersey City, N. J., 2,000,000		12-10-31
	absorbed the following nonmembers: (member)		
	Bank of Lafayette, Jersey City,	125,000	
	Ocean Avenue Bank, Jersey City,	150,000	
11	Citizens State Bank, Greenville, Texas, member,	100,000	11-30-31
	absorbed First State Bank, Campbell, nonmember,	17,500	
<u>Voluntary Withdrawal:</u>			
4	State Bank of Bowling Green, Bowling Green, Ohio,	100,000	12-7-31
<u>Closed:</u>			
8	Bank of Jonesboro, Jonesboro, Ark.,	200,000	12-11-31
11	First State Bank, Coahoma, Tex.,	25,000	12-11-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

10	First National Bank in Larned, Kansas, (Limited powers)		12-5-31
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X-1530

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED DECEMBER 13, 1931.

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
2	Hibernia Trust Co., New York, N. Y.,	\$3,000,000	12-17-31
10	Merchants Bank of Kansas City, Mo.,	200,000	12-15-31
<u>Closed:</u>			
1	Inman Trust Co., Cambridge, Mass.,	200,000	12-15-31
2	Community Trust Co., Middleport, N. Y.,	100,000	12-14-31
7	Michigan State Bank, Eaton Rapids, Mich.,	75,000	12-12-31
12	Fremont County Bank, Sugar City, Idaho,	25,000	12-14-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None

X-1530

FEDERAL RESERVE BOARD ANNOUNCEMENT
WEEK ENDED DECEMBER 25, 1931

CHANGES IN STATE BANK MEMBERSHIP:

<u>Dis-</u> <u>trict</u>		<u>Capital</u>	<u>Date</u>
<u>Admitted to Membership:</u>			
None.			
<u>Merged with Nonmember:</u>			
2	American Express Bank & Trust Co., New Ycrk, N.Y., member, Equitable Trust Co., New York, N. Y., nonmember, Consolidated under the title of the Equitable Trust Co., nonmember (trust business retained; banking business immediately transferred to Chase Nat. Bank).	\$10,000,000 2,000,000	12-19-31
<u>Absorption of National Bank:</u>			
2	Lindon Trust Co., Linden, N. J., member, Absorbed Linden National Bank, Linden, N. J.,	200,000 200,000	12-23-31
2	Continental Bank & Trust Co., New York, N. Y., member, Absorbed Industrial National Bank, New York, N. Y., .	4,000,000 1,500,000	12-19-31
6	Bank of Statesboro, Statesboro, Ga., member, Absorbed First National Bank, Statesboro, Ga.,	100,000 100,000	12-23-31
<u>Absorbed by National Bank:</u>			
8	Franklin-American Trust Co., St. Louis, Mo., member, . . Absorbed by First National Bank in St. Louis, Mo., .	2,600,000 12,100,000	12-22-31
<u>Closed:</u>			
2	Seacoast Trust Co., Asbury Park, N. J.,	625,000	12-22-31
5	Franklin Bank, Franklin, W. Va.,	40,000	12-19-31
7	Albion State Bank, Albion, Mich.,	50,000	12-22-31
7	American State Savings Bank, Lansing, Mich.,	750,000	12-22-31
8	Peoples Exchange Bank, Russellville, Ark.,	100,000	12-24-31
12	Hibernia Com'l & Savings Bank, Portland, Oreg.,	500,000	12-19-31

PERMISSION GRANTED TO EXERCISE TRUST POWERS:

None.

BANKS REPORTED CLOSED - WEEK ENDED JULY 3, 1931

(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
Steneck Trust Co.,	Hoboken	N. J.	June 27	1,000,000	912,000	19,096,000
*First National Bank	Genoa	N. Y.	" 30	25,000	42,000	299,000
<u>District No. 4</u>						
Farmers Bank Co.	Jenera	Ohio	June 29	25,000	11,000	200,000
<u>District No. 5</u>						
*Boston National Bank	South Boston	Va.	June 26	200,000	25,000	1,186,000
Bank of Kingwood	Kingwood	W. Va.	July 1	75,000	97,000	479,000
<u>District No. 6</u>						
Citizens Bank	Pulaski	Tenn.	June 29	100,000	66,000	787,000
branches at: Prospect and Minor Hill.						
Citizens Bank & Trust Co.	Montgomery	Ala.	" 11	70,000	20,000	- -
<u>District No. 7</u>						
*First National Bank	Royal Oak	Mich.	June 27	150,000	82,000	1,360,000
Berwyn State Bank	Berwyn	Ill.	" 27	150,000	72,000	1,161,000
Twelfth Street State Bank	"	"	" 29	100,000	63,000	657,000
Lyons State Bank	Lyons	"	" 27	25,000	18,000	548,000
Gary Trust & Svgs. Bank	Gary	Ind.	" 29	100,000	133,000	819,000
First State Bank	Hartford	Mich.	" 30	25,000	7,000	136,000
*Farmers State Svgs. Bank	Milford	"	" 30	25,000	16,000	324,000
*Lapham State Svgs. Bank	Northville	"	" 30	50,000	63,000	1,225,000
*First National Bank	Elliott	Iowa	July 1	50,000	8,000	216,000
Dundee State Bank	Dundee	Ill.	" 2	75,000	40,000	415,000
State Savings Bank	Flat Rock	Mich.	" 2	50,000	46,000	696,000
Farmers & Merchants Bank	Tipton	"	" 2	11,000	- -	49,000
Immel State Bank	Chicago	Ill.	" 2	300,000	144,000	1,617,000
<u>District No. 8</u>						
Title Guarantee Trust Co.	Louisville	Ky.	June 23	300,000	130,000	145,000
<u>District No. 9</u>						
*Merchants National Bank	Willow City,	N.Dak.	June 27	25,000	4,000	150,000
First State Bank	Plevna	Mont.	" 26	20,000	10,000	150,000
Union Bank	Antler	N.Dak.	" 26	15,000	1,000	43,000
Northwestern State Bank	Chippewa Falls	Wis.	" 29	80,000	33,000	899,000
Farmers State Bank	Kenyon	Minn.	July 2	25,000	11,000	399,000

REOPENED:

Date open

<u>District No. 8</u>						
Miller County Bank & Tr. Co.	Texarkana	Ark.	6- 1-31	75,000	52,000	6-27-31

BANKS REPORTED CLOSED - WEEK ENDED JULY 10, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 5</u>						
*First National Bank	Federalsburg	Md.	July 3	25,000	13,000	280,000
<u>District No. 7</u>						
Roseland State Savings Bank	Chicago	Ill.	July 6	200,000	241,000	2,670,000
Guaranty Trust Co.	Detroit	Mich.	" 1	750,000	612,000	445,000
Spring Grove State Bk	Spring Grove	Ill.	" 10	25,000	8,000	109,000
<u>District No. 9</u>						
Farmers State Bank	Winsted	Minn.	July 3	20,000	2,000	237,000
Southam State Bank	Southam	N. Dak.	" 8	10,000	5,000	40,000
<u>District No. 10</u>						
Gillam-Jackson Loan & Trust Co.	Maryville	Mo.	July 3	75,000	35,000	320,000
*First National Bank	"	"	" 6	120,000	24,000	627,000
*First National Bank	Beggs	Okla.	" 3	25,000	4,000	199,000

REOPENED:

Date open

<u>District No. 9</u>						
Havana State Bank	Havana	N. Dak.	11-25-30	25,000	6,000	7- 1-31

BANKS REPORTED CLOSED - WEEK ENDED JULY 17, 1931

(For confidential use only - subject to correction)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 3</u>						
Northwestern Trust Co.	Philadelphia, Pa.		July 17	200,000	2,682,000	8,939,000
<u>District No. 4</u>						
Centerburg Svgs. Bk. Co.	Centerburg Ohio		July 13	40,000	31,000	371,000
*Third National Bank	New London "	"	" 17	50,000	28,000	566,000
<u>District No. 5</u>						
Garner Bkg & Tr. Co.	Garner	N. C.	July 13	15,000	1,000	61,000
<u>District No. 7</u>						
*Will County Nat. Bank	Joliet	Ill.	July 11	200,000	173,000	3,260,000
*Second Nat. Bank	New Hampton, Iowa		" 13	100,000	29,000	867,000
*State Savings Bank	Fenton	Mich.	" 14	100,000	- -	675,000
State Savings Bank	Lawler	Iowa	" 15	50,000	15,000	325,000
<u>District No. 8</u>						
Bank of Everton	Everton	Mo.	July 13	25,000	6,000	222,000
<u>District No. 9</u>						
Citizens State Bank Farmers & Merchants State Bank	Fairfax	Minn.	July 10	20,000	5,000	475,000
Eau Claire Svgs. Bank	Plentywood	Mont.	" 10	25,000	12,000	261,000
Citizens Bank	Eau Claire	Wis.	" 11	50,000	49,000	976,000
Farmers & Merch. Bank	Minot	N. Dak.	" 13	50,000	8,000	219,000
*First National Bank	Kindred	N. Dak.	" 13	20,000	13,000	630,000
Peoples State Bank	Scobey	Mont.	" 13	30,000	3,000	293,000
Kellogg State Bank	Bloomer	Wis.	" 14	25,000	10,000	353,000
Farmers State Bank	Kellogg	Minn.	" 15	25,000	18,000	400,000
	Garden City "	"	" 15	10,000	2,000	97,000
<u>District No. 11</u>						
Peoples Exchange Bank	Archer City, Tex.		July 13	14,000	1,000	1,576,000
Power Banking Co.	" " "	"	" 13	10,000	- -	600,000
Security State Bank	Lockney	"	" 15	25,000	2,000	150,000
*Floyd County Nat. Bank	Floydada	"	" 15	50,000	19,000	387,000
<u>District No. 12</u>						
Mt. Pleasant Com'l & Svgs. Bank	Mt. Pleasant, Utah		July 16	50,000	85,000	321,000
<u>REOPENED:</u>						
<u>District No. 8</u>						
Bank of Caneyville	Caneyville	Ky.	11-19-30	30,000	33,000	7-16-31
<u>District No. 9</u>						
State Bank of Roberts	Roberts	Wis.	1- 6-31	10,000	7,000	7- 1-31
Plum City State Bank	Plum City	"	7-15-30	10,000	6,000	7-13-31

BANKS REPORTED CLOSED - WEEK ENDED JULY 24, 1931

(For confidential use only - subject to correction)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 4</u>						
Commercial Bank	Marion	Ohio	July 20	50,000	10,000	181,000
Harrod State Bank	Harrod	"	" 21	30,000	5,000	139,000
Nova Banking Co.	Nova	"	" 24	25,000	7,000	82,000
<u>District No. 5</u>						
Peoples Bank	Camden on Gauley	W.Va.	July 20	25,000	1,000	138,000
<u>District No. 6</u>						
*First National Bank	Greensboro	Ala.	July 21	100,000	50,000	350,000
<u>District No. 7</u>						
Beaver Valley Svgs.Bk	Parkersburg	Iowa	July 20	50,000	15,000	420,000
Belmond Savings Bank	Belmond	"	" 21	25,000	8,000	478,000
State Bank of Belmond	"	"	" 21	80,000	10,000	412,000
Bank of St. Lucas	St. Lucas	"	" 21	(no figures available)		
*Greenville Nat. Bank	Greenville	Mich.	" 20	50,000	19,000	300,000
Wadena Savings Bank	Wadena	Iowa	" 21	25,000	7,000	221,000
Far.& Merch.Svgs.Bank	Durant	"	" 24	50,000	38,000	867,000
<u>District No. 8</u>						
Bank of Barlow	Barlow	Ky.	July 24	20,000	12,000	127,000
Citizens Bank	Drakesboro	"	" 24	30,000	12,000	104,000
<u>District No. 9</u>						
Far. & Merch. Bank	Willow Lake	S.Dak.	July 20	25,000	28,000	345,000
Far. & Merch.State Bk	Stanley	Wis.	" 21	50,000	26,000	523,000
Citizens State Bank	Armour	S.Dak.	" 22	35,000	5,000	435,000
Mekinock State Bank	Mekinock	N.Dak.	" 22	10,000	6,000	46,000
Farmers State Bank	Tolstoy	S.Dak.	" 22	15,000	9,000	82,000
<u>District No. 10</u>						
Bank of Lynch	Lynch	Nebr.	July 18	25,000	6,000	208,000
*Walthill National Bank	Walthill	"	" 20	25,000	7,000	110,000
Bank of Wentworth	Wentworth	Mo.	" 20	10,000	4,000	46,000
Milton State Bank	Milton	Kans.	" 23	10,000	3,000	51,000
<u>District No. 11</u>						
Bank of Crowell	Crowell	Texas	July 20	100,000	- -	- -
<u>District No. 12</u>						
North Sanpete Bank	Mt.Pleasant	Utah	July 20	50,000	78,000	237,000
<u>REOPENED:</u>						
Metropolitan Bk & Tr.Co., Norfolk	Va.(5)	1- 5-31		55,000	37,000	7-14-31
Citizens Bank, Monroe, Wis.(Dist. 7)		1- 7-31		100,000	112,000	7-22-31

X-3962

BANKS REPORTED CLOSED - WEEK ENDED JULY 31, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
Prisco State Bank	New York	N. Y.	July 28	250,000	274,000	2,303,000
*First National Bank	Ripley	N. Y.	" 30	25,000	20,000	600,000
<u>District No. 3</u>						
*First National Bank	Beaverdale	Pa.	July 28	50,000	103,000	736,000
<u>District No. 4</u>						
Farmers Bank	Martinsville,	O.	July 27	50,000	9,000	141,000
Farmers Bank	Elida	Ohio	" 29	25,000	5,000	139,000
Amherst Svgs. & Bkg. Co.	Amherst	"	" 30	50,000	8,000	655,000
<u>District No. 7</u>						
Ypsilanti Savings Bank	Ypsilanti	Mich.	July 25	100,000	232,000	2,055,000
First Tr. & Svgs. Bank	Melcher	Iowa	" 27	35,000	3,000	166,000
Nashville Savings Bank	Nashville	Mich.	" 27	(no figures available)		
Ladora Savings Bank	Ladora	Iowa	" 27	50,000	13,000	200,000
Com'l Bank of James Livingston & Co.	Deckerville	Mich.	" 27	15,000	- -	93,000
State Savings Bank	Lanesboro	Iowa	" 27	30,000	1,000	150,000
Clarion Savings Bank	Clarion	"	" 28	50,000	28,000	500,000
Lorimor State Bank	Lorimor	"	" 29	25,000	1,000	113,000
Farmers Savings Bank	Meservey	"	" 30	20,000	15,000	345,000
Bank of Holmes	Holmes	"	" 31	5,000	7,000	128,000
<u>District No. 9</u>						
Pioneer State Bank	Glentana	Mont.	July 23	20,000	- -	55,000
First State Bank	Grace City	N. Dak.	" 24	10,000	10,000	149,000
*Steele County Nat. Bank	Finley	"	" 27	25,000	11,000	160,000
Lunds State Bank	Vining	Minn.	" 27	10,000	2,000	75,000
State Bank of Waverly	Waverly	S. Dak.	" 29	10,000	5,000	59,000
First State Bank	Grenville	"	" 29	10,000	8,000	93,000
<u>District No. 10</u>						
Peoples Bank	Fairfax	Mo.	July 27	15,000	2,000	90,000
Garfield County Bank	Enid	Okla.	" 27	50,000	24,000	1,126,000
Bank of Lincoln County	Hershey	Nebr.	" 29	25,000	9,000	213,000
<u>District No. 12</u>						
Lumbermans Bk & Tr. Co.	Longview	Wash.	July 30	60,000	12,000	367,000
<u>Dist. REOPENED:</u>						
8. Bank of Fern Creek	Fern Creek	Ky.	11-24-30	15,000	10,000	7-25-31
9. Prinsburg State Bank	Prinsburg	Minn.	6-15-31	10,000	7,000	7-30-31

BANKS REPORTED CLOSED - WEEK ENDED AUGUST 7, 1931
(For confidential use only - subject to correction)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
*American Union Bank	New York	N. Y.	Aug. 5	1,000,000	750,000 [#]	6,500,000
*International Madison Bank & Trust Co.	New York	N. Y.	" 5	1,750,000	1,450,000 [#]	6,500,000
*Times Square Trust Co.	" "	" "	" 5	1,000,000	1,000,000 [#]	1,400,000
*National Bank of North Hudson	Union City	N. J.	" 6	600,000	1,027,000	8,686,000
*Union City Nat. Bank	" "	" "	" 6	300,000	129,000	1,010,000
Bergenline Trust Co.	" "	" "	" 6	100,000	60,000	925,000
Jackson Trust Co.	Jersey City	" "	" 6	300,000	157,000	1,430,000
Farmers & Mechanics Bk., Ft. Plain,	N. Y.	" "	" 8	100,000	230,000	1,460,000

#Surplus only.

District No. 4

*Minerva Svgs. & Bk. Co.	Minerva	Ohio	July 31	125,000	57,000	1,099,000
Citizens Com'l Bank	Waynesfield	"	Aug. 1	50,000	17,000	205,000
Butler Deposit Bank	Butler	Ky.	" 1	24,000	45,000	630,000
Far. & Merch. Bank	Leesburg	Ohio	" 4	10,000	1,000	150,000
Bank of Wayland	Wayland	Ky.	" 6	50,000	22,000	362,000

District No. 7

*Oconto National Bank	Oconto	Wis.	Aug. 1	60,000	19,000	817,000
*First National Bank	Boyne City	Mich.	" 3	50,000	12,000	612,000
Peoples State Bank	Cissna Park	Ill.	" 3	25,000	3,000	55,000
Nashville State Bank	Nashville	Mich.	July 27	65,000	30,000	1,000,000
(in lieu of Nashville Svgs. Bank, reported last week in error)						
State Bank of	Oconto Falls	Wis.	Aug. 4	50,000	45,000	591,000
First State Bank	Plano	Ill.	" 6	25,000	50,000	550,000
Bank of Popejoy	Popejoy	Iowa	" 6	10,000	3,000	165,000
Hubbard State Bank	Hubbard	"	" 7	50,000	18,000	230,000
Toledo Savings Bank	Toledo	"	" 7	50,000	30,000	382,000

District No. 8

Stock Growers Bank	Purdin	Mo.	Aug. 1	30,000	29,000	132,000
Bank of Emma	Emma	"	" 4	20,000	8,000	109,000
Farmers Bank	Livonia	"	" 7	10,000	10,000	98,000

District No. 9

Wallace State Bank	Wallace	S. Dak.	Aug. 1	15,000	- -	59,000
Corsica State Bank	Corsica	"	" 3	25,000	9,000	267,000
Far. & Merch. State Bk	Chetek	Wis.	" 4	35,000	5,000	264,000
Security State Bank	Watford City	N. Dak.	" 5	15,000	- -	113,000
Commercial State Bank, Kennebec		S. Dak.	" 4	30,000	7,000	195,000

District No. 10

Burrton State Bank	Burrton	Kans.	July 31	35,000	4,000	172,000
Farmers State Bank	Sutherland	Nebr.	Aug. 3	25,000	9,000	182,000

REOPENED BANKS: None.

BANKS REPORTED CLOSED - WEEK ENDED AUGUST 14, 1931
(For confidential use only - subject to correction)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
*Manufacturers Nat. Bank	Mechanicville,	N.Y.	Aug. 10	100,000	193,000	3,184,000
<u>District No. 4</u>						
Beaver Valley State Bk	Weeksbury	Ky.	Aug. 10	25,000	11,000	135,000
<u>District No. 5</u>						
State Bank of Trappe	Trappe	Md.	Aug. 14	10,000	28,000	288,000
<u>District No. 7</u>						
Reddick State Bank	Reddick	Ill.	Aug. 10	25,000	1,000	111,000
LaGrange Co. Trust Co.	LaGrange	Ind.	" 10	100,000	24,000	481,000
Farmers Savings Bank	Wheatland	Iowa	" 10	40,000	32,000	435,000
Ulch Bros. State Bank	Solon	"	" 10	50,000	17,000	600,000
Farmers State Bank	"	"	" 10	50,000	12,000	848,000
Cloverdale State Bank	Cloverdale	Ill.	" 8	(no figures available)		
*First National Bank	Polo	"	" 11	50,000	25,000	700,000
Farmers Bank	Buckingham	"	" 12	25,000	9,000	96,000
McCallsburg State Bank	McCallsburg	Iowa	" 13	25,000	8,000	165,000
Security Savings Bank	Sunbury	"	" 13	30,000	13,000	345,000
<u>District No. 8</u>						
Security Bank	Dutzow	Mo.	Aug. 8	20,000	47,000	303,000
Farmers & Merch. Bank	Center	"	" 10	15,000	17,000	254,000
*Bank of Henning	Henning	Tenn.	" 13	100,000	-	294,000
<u>District No. 9</u>						
Spooner State Bank	Spooner	Wis.	Aug. 5	25,000	8,000	295,000
*First National Bank	Parshall	N. Dak.	" 8	25,000	10,000	160,000
*First National Bank	Plaza	"	" 8	25,000	16,000	278,000
*First National Bank	Ryder	"	" 8	25,000	15,000	150,000
*First National Bank	Van Hook	"	" 8	25,000	10,000	245,000
First State Bank	Watford City	"	" 11	15,000	5,000	316,000
Chelsea State Bank	Chelsea	S. Dak.	" 12	15,000	4,000	67,000
Farmers State Bank	Emery	"	" 12	40,000	15,000	275,000
*First National Bank in	Mt. Vernon	"	" 12	25,000	12,000	195,000
Avon State Bank	Avon	"	" 14	55,000	35,000	409,000
Bank of Stanley	Stanley	N. Dak.	" 13	15,000	4,000	73,000
<u>District No. 10</u>						
State Bank of Omaha	Omaha	Nebr.	Aug. 10	300,000	229,000	3,358,000
Farmers & Merch. Bank	"	"	" 10	50,000	1,000	701,000
*First National Bank	Colony	Kans.	" 13	25,000	7,000	176,000
South Omaha State Bank	Omaha	Nebr.	" 14	100,000	92,000	1,233,000
Farmers & Merch. Bank	Hopkins	Mo.	" 14	10,000	22,000	139,000
Bank of Kremlin	Kremlin	Okla.	" 14	10,000	1,000	37,000

REOPENED:

None.

BANKS REPORTED CLOSED - WEEK ENDED AUGUST 21, 1931

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(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
*Rockaway Beach Nat. Bank	New York	N. Y.	Aug. 21	200,000	28,000	2,010,000
<u>District No. 4</u>						
American Bank	Toledo	Ohio	Aug. 17	200,000	70,000	1,510,000
*Commerce Guardian Trust & Savings Bank	Toledo	Ohio	Aug. 17	1,400,000	1,766,000	26,416,000
Ohio Savings Bank & Trust Co.	Toledo	Ohio	Aug. 17	3,000,000	5,531,000	51,895,000
Commercial Savings Bank & Trust Co.	Toledo	Ohio	Aug. 17	700,000	572,000	15,610,000
Citizens Bank	Jeffersonville, O.	"	" 17	35,000	15,000	210,000
Home Savings Bank Co.	Metamora	Ohio	" 17	50,000	50,000	482,000
Point Place State Bank	Point Place	"	" 18	25,000	5,000	82,000
Hoytville Bank Co.	Hoytville	"	" 18	25,000	6,000	130,000
State Savings Bank Co.	Maumee	"	" 18	25,000	17,000	496,000
*Union Svgs. & Trust Co.	Warren	"	" 20	550,000	360,000	3,790,000
Citizens Com'l & Savings Bank	Warren	Ohio	Aug. 21	50,000	11,000	418,000
American Exchange Bank	Canton	"	" 21	50,000	28,000	1,254,000
<u>District No. 5</u>						
Hopewell Bank & Trust Co.	Hopewell	Va.	Aug. 17	250,000	66,000	1,116,000
Bank of West Durham	West Durham	N. C.	" 20	25,000	2,000	129,000
Merchants & Farmers Bank,	Ivor	Va.	" 21	25,000	5,000	93,000
Dunkard Valley Bank	Blacksville	W. Va.	" 21	25,000	23,000	206,000
<u>District No. 7</u>						
Arlington Heights State Bank	Arlington Heights	Ill.	Aug. 15	100,000	51,000	775,000
*First National Bank	Lehigh	Iowa	" 15	25,000	10,000	304,000
Hanover State Bank	Hanover	Ill.	" 17	50,000	15,000	274,000
Farmers Bank	North Henderson	"	" 19	40,000	12,000	140,000
Bank of Clemons	Clemons	Iowa	" 20	20,000	2,000	400,000
Duncombe Savings Bank	Duncombe	"	" 20	25,000	7,000	172,000
Banking House of Anderson Lipton & Co.	Ida Grove	Iowa	Aug. 20	100,000	55,000	855,000
*Peoples State Svgs. Bank	Britton	Mich.	" 20	25,000	7,000	244,000
*Citizens State Bank	Big Rapids	"	" 21	50,000	90,000	1,816,000
<u>District No. 9</u>						
Security State Bank	Trail City	S. Dak.	Aug. 17	15,000	6,000	69,000
Farmers & Merchants Bank,	Britton	"	" 17	50,000	14,000	350,000
Lefor State Bank	Lefor	N. Dak.	" 17	10,000	12,000	61,000
*First National Bank	Fairchild	Wis.	" 18	25,000	4,000	207,000
First State Bank	Odessa	Minn.	" 19	10,000	3,000	120,000
Farmers & Merchants State Bank	Silver Lake	"	" 19	25,000	12,000	563,000

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BANKS REPORTED CLOSED - WEEK ENDED AUGUST 21, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 10</u>						
Union State Bank	Omaha	Nebr.	Aug. 14	200,000	65,000	1,731,000
First State Bank	Pleasant Dale	"	" 17	20,000	8,000	170,000
Dwight State Bank	Dwight	"	" 17	20,000	10,000	235,000
Brainard State Bank	Brainard	"	" 17	25,000	9,000	332,000
Bruno State Bank	Bruno	"	" 17	27,000	9,000	224,000
Butler County						
State Bank	David City	"	" 17	50,000	17,000	268,000
Leigh State Bank	Leigh	"	" 17	20,000	22,000	250,000
Kemmerer Savings Bank,	Kemmerer	Wyo.	" 20	100,000	68,000	830,000
Holt Bank	Holt	Mo.	" 20	10,000	11,000	87,000

District No. 11

First State Bank	Electra	Texas	Aug. 20	75,000	37,000	782,000
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District No. 12

*First National Bank	Blythe	Calif.	Aug. 12	50,000	1,000	247,000
*First National Bank	Bancroft	Idaho	" 18	25,000	9,000	150,000
*United States Nat. Bk.	Los Angeles	Calif.	" 18	1,000,000	493,000	13,438,000
(with 8 branches)						

REOPENED:Date openDistrict No. 7

Farmers & Merchants State Bank,	Hortonville, Wis.		6- 9-31	20,000	6,000	8-19-31
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BANKS REPORTED CLOSED - WEEK ENDED AUGUST 28, 1931.

(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Profits & surplus	Total deposits
<u>District No. 2.</u>						
*Globe Bank & Trust Co.	Brooklyn	N. Y.	Aug. 22	1,525,000	931,000	8,118,000
*Queensboro Natl. Bank	Corona,	N. Y.	Aug. 25	200,000	125,000	2,640,000
*Bank of Europe Tr. Co.	New York,	N. Y.	Aug. 27	1,000,000	820,000	13,768,000
<u>District No. 4.</u>						
Helena Banking Co.,	Helena,	Ohio	Aug. 22	25,000	6,000	130,000
*First National Bank,	Wauseon,	Ohio	Aug. 22	50,000	50,000	919,000
*First National Bank,	Latrobe,	Pa.	Aug. 24	200,000	325,000	2,862,000
Ridgeville State Bank,	Ridgeville					
	Corners	Ohio	Aug. 25	25,000	2,000	200,000
Orangeville Svgs. Bk. Co.	Orangeville	Ohio	Aug. 27	25,000	7,000	102,000
Exchange Bank, Unincorporated	Bloomdale,	Ohio	Aug. 28	10,000	8,000	230,000
<u>District No. 5.</u>						
Citizens Bank,	Richwood,	W. Va.	Aug. 24	25,000	19,000	502,000
<u>District No. 6</u>						
Tallapoosa County Bank	Dadeville,	Ala.	Aug. 26	50,000	10,000	184,000
Planters & Merchants Bank,	Ozark,	Ala.	" 27	100,000	50,000	350,000
<u>District No. 7</u>						
Citizens Bank	Elroy	Wis.	Aug. 21	40,000	17,000	566,000
Glidden Savings Bank,	Glidden,	Ia.	" 22	25,000	3,000	150,000
City Trust & Svgs. Bank,	Paton,	Ia.	" 22	20,000	9,000	185,000
State Bank of Caledonia,	Mich.		" 22	50,000	24,000	604,000
State Bank of Davis,	Davis,	Ill.	" 25	25,000	13,000	275,000
Citizens Bank,	Sheffield,	Iowa	" 27	15,000	3,000	196,000
Citizens State Bank,	Herscher,	Ill.	" 28	25,000	48,000	315,000
Clio State Bank,	Clio,	Mich.	" 28	25,000	18,000	540,000
Dansard State Bank,	Monroe,	Mich.	" 28	200,000	72,000	2,272,000
Monroe State Svgs. Bank,	Monroe,	Mich.	" 28	200,000	140,000	1,850,000
Erie State Bank,	Erie,	Mich.	" 28	20,000	10,000	268,000
Peoples State Bank,	Ida,	Mich.	" 28	30,000	12,000	283,000

BANKS REPORTED CLOSED - - WEEK ENDED AUGUST 28, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 8</u>						
*First National Bank	Sweet Springs,	Mo.	Aug. 24	50,000	5,000	119,000
Leavenworth State Bank,	Leavenworth,	Ind.	" 28	25,000	5,000	190,000
<u>District No. 9</u>						
Bank of Oberon	Oberon	N.Dak.	Aug. 22	15,000	2,000	129,000
*Farmers Nat. Bank	Bridgewater	S.Dak.	" 24	25,000	16,000	263,000
State Bank of	Mellette	" "	" 24	15,000	6,000	120,000
*Farmers Nat. Bank	Fairfax	" "	" 26	25,000	10,000	207,000
<u>District No. 10</u>						
Farmers State Bank	Inland	Nebr.	Aug. 26	10,000	4,000	115,000
Bank of Mound City	Mound City	Mo.	" 27	20,000	12,000	200,000
Holt County Bank	" "	" "	" 27	20,000	35,000	252,000

REOPENED:Date open

<u>District No. 5</u>						
Bank of Black Mountain		N. C.	11-22-30	(no figures available)	8-	8-31
<u>District No. 8</u>						
Bank of Sherman	Sherman	Miss.	12-26-30	15,000	14,000	6-24-31
<u>District No. 10</u>						
Bank of Kremlin	Kremlin	Okla.	8-14-31	10,000	1,000	8-27-31

BANKS REPORTED CLOSED - WEEK ENDED SEPT. 4, 1931

(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory, Jan. 1931)		
<u>District No. 3</u>						
*Portland National Bank	Portland	Pa.	Aug. 31	50,000	76,000	1,056,000
Parkway Trust Co.	Philadelphia	"	Sept. 2	250,000	234,000	1,884,000
<u>District No. 4</u>						
Curtice State Bank	Curtice	Ohio	Sept. 2	40,000	23,000	542,000
<u>District No. 5</u>						
Elon Bkg. & Trust Co.	Elon College	N. C.	Aug. 31	10,000	- -	10,000
Bank of Sutton	Sutton	W. Va.	Sept. 1	35,000	8,000	351,000
Central Trust Co. of Md.	Frederick	Md.	" 2	1,000,000	1,608,000	14,682,000
with branches at: Emmittsburg, Monrovia, Myersville, Poolesville, Smithsburg, Sykesville, Thurmont, Union Bridge, Walkersville, Ellicott City & Middletown.						
Bank of Pax	Pax	W. Va.	Sept. 4	25,000	10,000	163,000
<u>District No. 6</u>						
*First National Bank	Vidalia	Ga.	Sept. 1	35,000	41,000	703,000
*First National Bank	Lyons	Ga.	" 1	25,000	10,000	175,000
Baldwin State Bank	Baldwin	Ga.	" 4	15,000	11,000	106,000
<u>District No. 7</u>						
Farmers Savings Bank	Woolstock	Iowa	Aug. 29	15,000	7,000	266,000
State Bank of Woolstock	Woolstock	"	" 29	25,000	5,000	104,000
Farmers State Bank	Kawkawlin	Mich.	" 31	20,000	7,000	160,000
Marquette Park State Bk.	Chicago	Ill.	" 31	300,000	198,000	2,375,000
First State Bank	Mineral	"	Sept. 2	25,000	3,000	152,000
First State Bank	Frankfort	Ind.	" 2	100,000	80,000	900,000
Far. & Merch. Svgs. Bank	Tipton	Iowa	" 2	50,000	15,000	482,000
*Bay City Bank	Bay City	Mich.	" 2	400,000	320,000	5,750,000
Princeton State Bank	Princeton	Wis.	" 2	60,000	30,000	700,000
State Savings Bank	Galt	Iowa	" 3	12,000	5,000	130,000
Sunfield State Svgs. Bk.	Sunfield	Mich.	" 3	22,000	21,000	292,000
*Inkster National Bank	Inkster	"	" 4	25,000	5,000	394,000
<u>District No. 8</u>						
Bank of Arlington	Arlington	Ky.	Aug. 29	24,000	27,000	145,000
Clark County Svgs. Bank	Kahoka	Mo.	" 31	20,000	17,000	235,000
Hanover Deposit Bank	Hanover	Ind.	Sept. 1	25,000	5,000	56,000
A. T. Hudspeth chain:				(Bankers' Directory, July, 1930)		
Citizens Bank & Tr. Co.	Harrison	Ark.	Sept. 1	100,000	28,000	(not given)
Peoples Savings Bank	"	"	" 1	25,000	3,000	158,000
Citizens Bank	Yellville	"	" 1	30,000	10,000	466,000
with branch at: Flippin (Marion County Bank).						
First State Bank	Marshall	Ark.	Sept. 1	25,000	3,000	493,000
American Exchange Bank	Leslie	"	" 1	15,000	2,000	180,000
Bank of Alpena Pass	Alpena Pass	"	" 1	10,000	1,000	133,000
Bank of Lead Hill	Lead Hill	"	" 1	10,000	1,000	79,000
Bank of North Arkansas	Everton	"	" 1	10,000	2,000	89,000

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BANKS REPORTED CLOSED - WEEK ENDED SEPT. 4, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers Directory, Jan. 1931)		
<u>District No. 9</u>						
First State Bank	Stratford	S.Dak.	Aug. 28	30,000	- -	56,000
Merchants Bank	Napoleon	N.Dak.	" 29	10,000	6,000	67,000
*First National Bank	Westbrook	Minn.	Sept. 1	30,000	15,000	453,000
Peoples Bank	Dixon	S.Dak.	" 1	5,000	9,000	96,000
Merchants State Bank	Richardton	N.Dak.	" 1	25,000	15,000	412,000
State Bank of Belview	Belview	Minn.	" 2	30,000	20,000	214,000
American State Bank	Howard Lake	"	" 2	15,000	6,000	198,000
*Security National Bank	Mobridge	S.Dak.	" 3	50,000	13,000	371,000
<u>District No. 10</u>						
Peoples Bank	Maitland	Mo.	Aug. 31	20,000	42,000	190,000
Citizens State Bank	Belle Plaine	Kans.	Sept. 3	25,000	6,000	105,000
Bank of Gretna	Gretna	Nebr.	" 4	30,000	11,000	309,000
<u>District No. 11</u>						
Abilene State Bank	Abilene	Texas	Aug. 29	125,000	22,000	1,188,000
*First National Bank	Smithville	"	" 31	50,000	29,000	455,000
*First National Bank	El Paso	"	Sept. 4	1,000,000	293,000	11,828,000
*First National Bank	Las Cruces	N.Mex.	" 4	50,000	34,000	997,000
<u>District No. 12</u>						
Ogden State Bank	Ogden	Utah	Aug. 31	100,000	355,000	8,372,000
*Prineville National Bank	Prineville	Oreg.	Sept. 1	50,000	9,000	154,000
Glendora Bank	Glendora	Calif.	" 3	67,000	13,000	338,000

REOPENED:

None.

BANKS REPORTED CLOSED - WEEK ENDED SEPTEMBER 11, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory, Jan. 1931)						
<u>District No. 2</u>						
*Peoples National Bank	Salem	N. Y.	Sept. 10	40,000	122,000	680,000
<u>District No. 3</u>						
Bosak State Bank	Scranton	Pa.	Sept. 5	500,000	930,000	5,490,000
Simpson State Bank	Simpson	"	" 9	75,000	58,000	570,000
Anthracite Trust Co.	Scranton	"	" 11	500,000	501,000	3,525,000
<u>District No. 4</u>						
*National Bank of	Defiance	Ohio	Sept. 8	147,000	49,000	1,510,000
*First National Bank	Smithfield	"	" 8	50,000	28,000	404,000
First State Bk. & Tr. Co.	Dry Ridge	Ky.	" 9	50,000	47,000	353,000
Amsden Bank & Trust Co.	Versailles	"	" 11	50,000	77,000	483,000
<u>District No. 5</u>						
Marine Bank	Morehead City	N.C.	Sept. 9	15,000	4,000	80,000
Bank of Vass	Vass	"	" 10	20,000	8,000	163,000
<u>District No. 6</u>						
Bank of Collins	Collins	Ga.	Sept. 9	15,000	5,000	57,000
<u>District No. 7</u>						
*First National Bank	Coin	Iowa	Sept. 4	40,000	7,000	133,000
Bank of Ocheyedan	Ocheyedan	"	" 5	30,000	18,000	390,000
Bank of Sumner	Sumner	"	" 5	(no figures available)		
State Bank of Freeport	Freeport	Mich.	" 5	25,000	13,000	278,000
Reinbeck State Bank	Reinbeck	Iowa	" 8	35,000	-	240,000
*First National Bank	Randolph	"	" 5	45,000	-	125,000
Citizens Loan & Tr. Co.	Frankfort	Ind.	" 8	75,000	73,000	763,000
Farmers Savings Bank	So. English	Iowa	" 8	16,000	4,000	103,000
*State Savings Bank	Caro	Mich.	" 8	75,000	29,000	1,120,000
Farmers State Bank	Reynolds	Ill.	" 8	25,000	20,000	360,000
State Bank of	Bondurant	Iowa	" 8	25,000	14,000	268,000
First Italian State Bk.	Chicago	Ill.	" 9	200,000	80,000	1,536,000
Morton Grove Tr. & Svgs. Bank	Morton Grove	Ill.	" 10	50,000	25,000	405,000
Helmer & Gortner State Bank	Mechanicsville	Ia.	" 10	40,000	41,000	875,000
Baroda State Bank	Baroda	Mich.	" 9	20,000	3,000	107,000
Avon State Bank	Avon	Ill.	" 11	25,000	20,000	130,000
*Farmers National Bank	Trafalgar	Ind.	" 11	25,000	12,000	122,000
Farmers Savings Bank	Ruthven	Iowa	" 11	20,000	11,000	344,000
<u>District No. 8</u>						
Browns State Bank	Browns	Ill.	Sept. 10	10,000	-	106,000
The Old Bank	Perryville	Ky.	" 11	20,000	12,000	215,000
American Bank & Tr. Co.	New Albany	Ind.	" 11	350,000	162,000	2,684,000

BANKS REPORTED CLOSED - WEEK ENDED SEPTEMBER 11, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 9</u>						
Farmers Guaranty State Bank	Volin	S.Dak.	Sept. 8	15,000	3,000	86,000
Farmers State Bank	Brampton	N.Dak.	" 8	20,000	2,000	58,000
Farmers State Bank	Yale	S.Dak.	" 9	(no figures available)		
<u>District No. 10</u>						
Farmers State Bank	Wynot	Nebr.	Sept. 8	25,000	8,000	147,000
Shelby State Bank	Shelby	"	" 8	20,000	9,000	163,000
Bank of Aline	Aline	Okla.	" 8	10,000	3,000	151,000
<u>District No. 11</u>						
*First National Bank	Clint	Texas	Sept. 5	25,000	5,000	85,000
Cochise County State Bk	Tombstone	Ariz.	" 5	30,000	5,000	313,000

BANKS REOPENED:

						<u>Date opened</u>
<u>District No. 8</u>						
Louisville Trust Co.	Louisville	Ky.	11-17-30	1,750,000	1,522,000	8-24-31
(a member bank when closed; reopened as a nonmember)						
<u>District No. 9</u>						
Lefor State Bank	Lefor	N.Dak.	8-17-31	10,000	12,000	9- 5-31

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BANKS REPORTED CLOSED - WEEK ENDED SEPT. 18, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory, Jan. 1931)						
<u>District No. 4</u>						
Vanlue Banking Co.	Vanlue	Ohio	Sept. 12	25,000	9,000	205,000
*First National Bank	Carey	"	" 18	25,000	36,000	265,000
<u>District No. 5</u>						
Bank of Beaufort	Beaufort	N. C.	Sept. 15	20,000	10,000	356,000
Detour Bank	Detour	Md.	" 15	25,000	10,000	118,000
Bank of Union	Union	S. C.	" 16	150,000	- -	525,000
<u>District No. 7</u>						
*Peoples State Bank	Flushing	Mich.	Sept. 12	25,000	38,000	338,000
*State Savings Bank	Ionia	"	" 12	100,000	108,000	1,590,000
Kossuth County State Bk.	Algona	Iowa	" 12	50,000	29,000	919,000
Interstate Svgs. Bank	Blanchard	"	" 12	20,000	10,000	198,000
Peoples Savings Bank	Hardy	"	" 12	15,000	10,000	277,000
Kent State Bank	Kentland	Ind.	" 14	50,000	31,000	285,000
Farmers State Bank	Boxholm	Iowa	" 14	25,000	16,000	192,000
Farmers Savings Bank	Swea City	"	" 14	25,000	10,000	189,000
Lyons State Bank	Lyons	Mich.	" 14	20,000	4,000	200,000
Miller & Chaney Bank	Newell	Iowa	" 15	40,000	32,000	453,000
Northville State Svgs. Bk.	Northville	Mich.	" 15	75,000	36,000	857,000
Lee State Bank	Lee	Ill.	" 14	25,000	33,000	229,000
*First National Bank	Merrill	Iowa	" 16	40,000	10,000	350,000
*Farmers State Bank	Vicksburg	Mich.	" 16	25,000	16,000	400,000
Citizens Savings Bank	Casey	Iowa	" 17	30,000	4,000	370,000
First State Bank	Apple River	Ill.	" 16	30,000	18,000	225,000
State Savings Bank	Clarksville	Iowa	" 16	25,000	6,000	238,000
Pilot Mound Svgs. Bank	Pilot Mound	"	" 16	15,000	3,000	105,000
American Savings Bank	Carroll	Iowa	" 17	50,000	21,000	1,200,000
Bank of Scotts	Scotts	Mich.	" 17	(no figures available)		
Citizens State Bank	Mt. Vernon	Iowa	" 18	25,000	1,000	135,000
Edwin Nash State Bank	Clarksville	Mich.	" 18	20,000	9,000	236,000
<u>District No. 8</u>						
*First National Bank	Eudora	Ark.	Sept. 12	40,000	6,000	254,000
La Monte Bank	La Monte	Mo.	" 14	20,000	31,000	181,000
Tri-County State Bank	Nelson	"	" 12	15,000	7,000	65,000
Eolia Bank	Eolia	"	" 16	15,000	1,000	53,000
Farmers State Bank	Dubois	Ind.	" 18	25,000	20,000	229,000
Crawford County State Bank	English	"	" 18	25,000	7,000	663,000
Paoli State Bank	Paoli	"	" 18	(no figures available)		

BANKS REPORTED CLOSED - WEEK ENDED SEPT. 18, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 9</u>						
First State Bank	Wykoff	Minn.	Sept. 12	25,000	17,000	460,000
*First National Bank in	Alexandria	S.Dak.	" 11	50,000	8,000	482,000
*Labor National Bank of Montana	Three Forks	Mont.	" 12	25,000	8,000	177,000
*First National Bank	Mora	Minn.	" 14	25,000	5,000	465,000
Peoples Savings Bank Farmers & Merchants State Bank	Watertown	S.Dak.	" 14	100,000	14,000	556,000
Security State Bank	New England	N.Dak.	" 15	15,000	6,000	350,000
Farmers State Guaranty Bank	Waldorf	Minn.	" 16	10,000	2,000	172,000
	Viborg	S.Dak.	" 16	50,000	1,000	290,000
<u>District No. 10</u>						
*Limon National Bank	Limon	Colo.	Sept. 15	30,000	4,000	120,000
Page State Bank	Page	Nebr.	" 14	20,000	5,000	105,000
Farmers & Merch. Bank	Crescent	Okla.	" 15	20,000	17,000	316,000
<u>District No. 11</u>						
Peoples State Bank	Bronson	Texas	Sept. 12	25,000	2,000	120,000
*Plainview National Bank	Plainview	"	" 15	125,000	68,000	3,290,000
Delta State Bank	Edcouch	"	" 18	25,000	7,000	75,000
*First State Bank & Trust Co.	Snyder	"	" 18	50,000	28,000	478,000
<u>District No. 12</u>						
*First National Bank	Ontario	Oreg.	Sept. 12	50,000	53,000	759,000
<u>REOPENED:</u>						
<u>District No. 5</u>						
Bank of Chatham (opened as a newly organized bank)	Chatham	Va.	12- 1-30	100,000	- -	9-14-31
<u>District No. 9</u>						
First State Bank	Cleveland	Minn.	4-24-31	25,000	26,000	9-16-31

BANKS REPORTED CLOSED - WEEK ENDED SEPT. 25, 1931.
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory)		
<u>District No. 2</u>						
Capitol Trust Co.	Schenectady	N. Y.	Sept. 21	300,000	128,000	2,435,000
*First National Bank	Unionville	N. Y.	Sept. 24	30,000	50,000	729,000
<u>District No. 3</u>						
Pennsylvania Liberty Bank & Trust Co.	Wilkes-Barre	Pa.	Sept. 21	325,000	907,000	3,665,000
Littlestown Savings Institution	Littlestown	Pa.	Sept. 22	125,000	209,000	1,399,000
*Dime Bank Title & Trust Co.	Wilkes-Barre	Pa.	Sept. 22	500,000	977,000	2,702,000
Heights Deposit Bank	Wilkes-Barre	Pa.	Sept. 23	50,000	264,000	1,701,000
<u>District No. 4</u>						
*Bank of Pittsburgh, N. A.	Pittsburgh	Pa.	Sept. 21	3,000,000	3,000,000	49,955,000
*Highland National Bank	Pittsburgh	Pa.	Sept. 21	200,000	215,000	3,923,000
Franklin Savings & Trust Co.	Pittsburgh	Pa.	Sept. 21	175,000	245,000	2,774,000
*First National Bank	Lynchburg	Ohio	Sept. 23	50,000	18,000	215,000
Merchants Savings & Trust Co.	Pittsburgh	Pa.	Sept. 24	125,000	89,000	1,003,000
Peoples Bank Co.	Alliance	Ohio	Sept. 25	100,000	27,000	781,000
Pittsburgh American Bank & Tr. Co.	Pittsburgh	Pa.	Sept. 25	225,000	285,000	2,960,000
<u>District No. 5</u>						
Loan & Savings Bank	York	S. C.	Sept. 19	100,000	140,000	857,000
*Alderson National Bank	Alderson	W. Va.	Sept. 24	25,000	26,000	520,000
Nelson Cook & Co.	Balto.	Md.	Sept. 21	(Figures not given)		
Citizens Bank	Inman	S. C.	Sept. 25	25,000	18,000	187,000
Southern Bank & Trust Co.	Orangeburg	S. C.	Sept. 25	100,000	60,000	1,103,000
<u>District No. 6</u>						
Citizens Bank & Trust Co.	Athens	Ala.	Sept. 21	80,000	58,000	573,000
<u>District No. 7</u>						
Citizens State Bank	Mt. Vernon	Iowa	Sept. 18	25,000	1,000	135,000
Edwin Nash State Bank	Clarksville	Mich.	Sept. 18	20,000	9,000	236,000
Mount Greenwood Trust & Svgs. Bank	Chicago	Ill.	Sept. 19	25,000	5,000	71,000

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BANKS REPORTED CLOSED - WEEK ENDED SEPT. 25, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory)		
<u>District No. 7 (Cont'd)</u>						
Citizens State Bank	Colfax	Iowa	Sept.19	50,000	10,000	358,000
Bank of Hinton	Hinton	Iowa	Sept.19	15,000	1,000	187,000
Citizens State Bank	Mitchellville	Iowa	Sept.19	30,000	15,000	413,000
State Bank of Stratford	Stratford	Iowa	Sept.19	35,000	15,000	386,000
Climax State Bank	Climax	Mich.	Sept.19	20,000	9,000	176,000
Romulus State Bank	Romulus	Mich.	Sept.19	20,000	57,000	747,000
Warrens Bank	Tomah	Wis.	Sept.19	25,000	10,000	610,000
*Union State Savings						
Bank & Trust Co.	Kewanee,	Ill.	Sept.21	150,000	38,000	1,174,000
Bank of Luverne	Luverne	Iowa	Sept.21	(no figures given)		539,000
Fenton State Bank	Fenton	Iowa	Sept.21	25,000	25,000	206,000
American Savings Bank	Muscatine	Iowa	Sept.21	200,000	72,000	2,075,000
Whiting State Bank	Whiting	Iowa	Sept.21	100,000	-	139,000
Door County State Bank	Sturgeon Bay	Wis.	Sept.21	50,000	13,000	576,000
Farmers Savings Bank	Livermore	Iowa	Sept.22	10,000	7,000	150,000
Farmers State Bank	Rudd	Iowa	Sept.22	25,000	4,000	216,000
Peoples Savings Bank	St. Benedict	Iowa	Sept.22	10,000	10,000	215,000
*Rogers Park National						
Bank	Chicago	Ill.	Sept.22	100,000	93,000	1,448,000
Commercial Savings Bank	Moline	Ill.	Sept.23	100,000	70,000	1,660,000
Farmers State Bank	St. Anne	Ill.	Sept.23	50,000	29,000	252,000
Logansport Loan & Trust Co.	Logansport	Ind.	Sept.24	150,000	139,000	1,601,000
Altoona Savings Bank	Altoona	Iowa	Sept.24	25,000	4,000	202,000
Montrose State Bank	Montrose	Mich.	Sept.24	20,000	17,000	283,000
*First National Bank	Bode	Iowa	Sept.24	25,000	6,000	147,000
*Commercial National Bank						
& Trust Co.	St. Joseph	Mich.	Sept.24	200,000	217,000	3,529,000
Manufacturers State Bank	East Moline	Ill.	Sept.25	100,000	18,000	1,103,000
Peoples State Bank	Winnebago	Ill.	Sept.25	25,000	9,000	90,000
Farmers Bank	Salix	Iowa	Sept.25	15,000	6,000	120,000
<u>District No. 8</u>						
Farmers State Bank	Dubois	Ind.	Sept.18	25,000	20,000	229,000
Crawford County State Bank	English	Ind.	Sept.18	25,000	7,000	663,000
Paoli State Bank	Paoli	Ind.	Sept.18	(no figures available)		
Liberty State Bank	New Albany	Ind.	Sept.21	50,000	2,000	248,000
Bank of Brunswick	Brunswick	Mo.	Sept.23	20,000	26,000	296,000

BANKS REPORTED CLOSED - WEEK ENDED SEPT. 25, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory)		
<u>District No. 9</u>						
Eau Claire State Bank	Eau Claire	Wis.	Sept.19	200,000	45,000	3,916,000
Union Savings Bank	Eau Claire	Wis.	Sept.19	50,000	14,000	688,000
Clarkfield State Bank	Clarkfield	Minn.	Sept.21	50,000	18,000	757,000
Ashton State Bank	Ashton	S.Dak.	Sept.21	15,000	16,000	90,000
Bank of Monroe	Monroe	S.Dak.	Sept.21	25,000	5,000	176,000
Farmers & Merchants State Bank	Wessington	S.Dak.	Sept.21	22,000	7,000	138,000
First State Bank	Mercer	N.Dak.	Sept.21	10,000	3,000	30,000
Farmers & Merchants State Bank	Spencer	S.Dak.	Sept.21	25,000	10,000	275,000
Farmers State Bank	Echo	Minn.	Sept.22	15,000	4,000	187,000
First State Bank	Reeder	N. D.	Sept.22	25,000	35,000	476,000
Farmers State Bank	Hurley Falls	Minn.	Sept.23	25,000	7,000	218,000
Cottonwood State Bank	Cottonwood	Minn.	Sept.23	20,000	11,000	562,000
First State Bank	Clearwater	Minn.	Sept.23	10,000	2,000	114,000
Maynard State Bank	Maynard	Minn.	Sept.23	20,000	19,000	476,000
Bank of Wakonda	Wakonda	S. D.	Sept.23	50,000	11,000	320,000
State Bank	Foster	Wisc.	Sept.23	15,000	15,000	330,000
Turner County Bank	Hurley	S. D.	Sept.23	30,000	6,000	158,000
Hazelrun State Bank	Hazelrun	Minn.	Sept.24	10,000	13,000	150,000
*First National Bank	Viborg	S. D.	Sept.22	40,000	7,000	344,000
<u>District No. 10</u>						
Bank of Ragan	Ragan	Nebr.	Sept.21	20,000	4,000	121,000
First Bank of Roosevelt	Roosevelt	Okla.	Sept.19	25,000	26,000	290,000
Manhattan State Bank	Manhattan	Kans.	Sept.22	50,000	14,000	263,000
<u>District No. 11</u>						
*Slaton State Bank	Slaton	Texas	Sept.21	25,000	2,000	236,000
First State Bank	Camp Wood	Texas	Sept.22	30,000	2,000	40,000
<u>District No. 12</u>						
Security Trust & Savings Bank	Yuma	Ariz.	Sept.21	50,000	54,000	726,000
*First National Bank	Colville	Wash.	Sept.21	60,000	23,000	724,000
Hunters Exchange State Bank	Hunters	Wash.	Sept.21	15,000	7,000	105,000
Addy State Bank	Addy	Wash.	Sept.21	15,000	4,000	50,000
Douglas County Farmers Bank	Gardnerville	Nev.	Sept.21	50,000	11,000	175,000

BANKS REPORTED CLOSED - WEEK ENDED SEPT. 25, 1931.

Member banks indicated by an asterisk (*).

<u>Name of Bank</u>	<u>City</u>	<u>State</u>	<u>Date closed</u>	<u>Capital</u>	<u>Surplus & profits</u>	<u>Total deposits</u>
(Bankers' Directory)						

District No. 12 (Cont'd)

*Citizens Bank & Trust Co.	Pocatello	Idaho	Sept. 23	100,000	34,000	1,000,000
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REOPENED:Date openDistrict No. 10

Bank of Aline	Aline	Okla.	Closed 9-8-31	10,000	4,000	9-24-31
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BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 2, 1931.
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits (Bankers' Directory)	Total deposits
<u>District No. 1.</u>						
Cheshire Bank & Trust Co.	Cheshire	Conn.	Sept.28	25,000	15,000	208,000
<u>District No. 2.</u>						
Citizens Trust Co.	Binghamton	N. Y.	Sept.29	250,000	165,000	2,208,000
*Peoples National Bank	Pulaski	N. Y.	Sept.29	50,000	25,000	593,000
*First National Bank	Fleischmanns	N. Y.	Sept.30	25,000	27,000	382,000
*National Mohawk Valley Bank	Mohawk	N. Y.	Sept.30	100,000	32,000	1,148,000
<u>District No. 3.</u>						
Glassboro Title & Tr. Co.	Glassboro	N. J.	Sept.28	100,000	48,000	512,000
Northern Central Tr. Co.	Philadelphia	Pa.	Sept.28	967,000	1,066,000	3,839,000
*Miners Savings Bank & Trust Co.	Olyphant	Pa.	Sept.30	350,000	510,000	3,594,000
*First National Bank	Orbisonia	Pa.	Sept.30	50,000	81,000	510,000
*Main Line National Bk	Wayne	Pa.	Oct. 1	50,000	29,000	936,000
Jefferson Title & Tr. Co.	Philadelphia	Pa.	Oct. 2	200,000	161,000	1,322,000
Olney Bank & Trust Co	Philadelphia	Pa.	Oct. 2	300,000	847,000	5,816,000
Bangor Trust Co	Bangor	Pa.	Oct. 2	128,000	93,000	839,000
<u>District No. 4.</u>						
Bloomfield Trust Co.	Pittsburgh	Pa.	Sept.26	200,000	60,000	1,894,000
Garfield Bank	Pittsburgh	Pa.	Sept.26	50,000	18,000	459,000
McGillick Savings & Trust Co.	Pittsburgh	Pa.	Sept.26	125,000	81,000	362,000
Pennsylvania Bank & Trust Co.	Pittsburgh	Pa.	Sept.26	300,000	327,000	3,456,000
Hamilton State Bank	Pittsburgh	Pa.	Sept.26	75,000	7,000	304,000
*Ashland National Bank	Ashland	Ky.	Sept.28	800,000	528,000	4,638,000
Niles Trust Co	Niles	Ohio	Sept.28	150,000	170,000	2,537,000
Slickville First Bank	Slickville	Pa.	Sept.28	19,000	-	142,000
Perry State Bank	Pittsburgh	Pa.	Sept.29	100,000	57,000	651,000
*Union Savings Bank & Trust Co.	Steubenville	Ohio	Oct.2	350,000	594,000	3,317,000
<u>District No. 5.</u>						
*Broadway Bank & Tr. Co.	Richmond	Va.	Sept.26	300,000	45,000	1,659,000
Mechanics Savings Bk.	Raleigh	N. C.	Sept.28	15,000	74,000	480,000
State Bank of Pamplin	Pamplin	Va.	Sept.28	25,000	18,000	240,000
Bank of Flemington	Flemington	N. Va.	Sept.28	25,000	25,000	382,000

BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 2, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory)						
<u>District No. 5 (Cont'd)</u>						
Bank of Weston	Weston	W. Va.	Sept.28	60,000	63,000	1,150,000
Mechanics Loan & Savings Bank	Hagerstown	Md.	Sept.26	100,000	378,000	5,546,000
Commercial Bank of Md.	Frederick	Md.	Sept.26	200,000	204,000	2,674,000
(Branches at Adamstown, Jefferson and Mt. Airy, Md.)						
*First National Bank	Fort Mill	S. C.	Sept.28	40,000	8,000	384,000
Bank of Morgantown	Morgantown	W. Va.	Sept.29	100,000	273,000	2,111,000
Hancock Bank	Hancock	Md.	Sept.29	25,000	241,000	1,048,000
Townsend Scott & Sons (Private Bankers)	Baltimore	Md.	Sept.30	(No figures given)		
*First National Bank	Hagerstown	Md.	Sept.30	150,000	423,000	3,064,000
Richwood Banking & Trust Co.	Richwood	W. Va.	Oct. 2	50,000	32,000	505,000
Bank of Ocean City	Ocean City	Md.	Oct. 1	15,000	18,000	280,000
*First National Bank	Richwood	W. Va.	Oct. 2	40,000	17,000	503,000
<u>District No. 6.</u>						
Alabama Trust & Savings Bank	Jacksonville	Ala.	Sept.30	25,000	5,000	150,000
West Blocton Savings Bank	West Blocton	Ala.	Sept.30	25,000	55,000	176,000
*First National Bank	Midland City	Ala.	Sept.28	35,000	17,000	104,000
Farmers & Merchants Bank	Garfield	Ga.	Oct. 1	15,000	15,000	46,000
Farmers & Merchants Bank	West Moreland	Tenn.	Oct. 2	20,000	3,000	87,000
Vienna State Bank	Vienna	Ga.	Oct. 2	75,000	8,000	50,000
<u>District No. 7.</u>						
First State Bank	Princeville	Ill.	Sept.26	50,000	12,000	531,000
Farmers Savings Bank	Hanson, Ia.	Iowa	Sept.28	50,000	40,000	509,000
*Ogden National Bank	Chicago	Ill.	Sept.26	200,000	51,000	680,000
Berrien County Bank	Benton Harbor	Mich.	Sept.26	50,000	58,000	840,000
Bank of New Windsor	New Windsor	Ill.	Sept.28	50,000	3,000	500,000
Lowden Savings Bank	Lowden	Iowa	Sept.28	25,000	22,000	557,000
Farmers State Bank	New Carlisle	Ind.	Sept.28	25,000	15,000	120,000
*Farmers & Merchants State Bank	Carson City	Mich.	Sept.28	25,000	15,000	203,000
Stevensville State Bank	Stevensville	Mich.	Sept.28	25,000	15,000	292,000
Pontrose Savings Bank	Pontrose	Iowa	Sept.28	20,000	12,000	231,000
Astoria State Bank	Astoria	Ill.	Sept.28	50,000	22,000	568,000
Union State Bank	So. Chicago	Ill.	Sept.29	250,000	192,000	2,364,000
Ottawa Banking & Trust Co.	Ottawa	Ill.	Sept.29	100,000	106,000	919,000
*Farmers National Bank	New Bedford	Ill.	Sept.30	25,000	6,000	119,000
*National City Bank	Ottawa	Ill.	Sept.30	200,000	46,000	1,145,000
Central Trust & Savings Bank	Rock Island	Ill.	Sept.30	500,000	520,000	6,720,000

BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 2, 1931.

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory)						
District No. 7 (Cont'd)						
Serena State Bank	Serena	Ill.	Sept.30	25,000	16,000	290,000
Polish-American Bank	Grand Rapids	Mich.	Sept.30	(No figures given)		
Laura State Bank	Laura	Ill.	Oct. 1	25,000	5,000	140,000
*American Savings Bank & Trust Co.	Davenport	Iowa	Oct. 1	1,600,000	1,534,000	33,000,000
Peoples Trust & Savings Bank	Ottawa	Ill.	Sept.30	100,000	43,000	1,274,000
*Peoples Trust & Savings Bank	Clinton	Iowa.	Sept.30	300,000	249,000	4,182,000
De Witt Savings Bank	De Witt	Iowa	Sept.30	25,000	25,000	495,000
Union Savings Bank	Wilton Junction	Iowa	Sept.30	50,000	29,000	473,000
*Calumet National Bank	Chicago	Ill.	Oct. 1	400,000	255,000	3,337,000
*First National Bank	Reed City	Mich.	Oct. 1	100,000	119,000	1,351,000
Brighton Park State Bk	Chicago	Ill.	Oct. 2	200,000	47,000	585,000
Hegewisch State Bank	Chicago	Ill.	Oct.2	100,000	36,000	1,005,000
Marshall Square State Bank	Chicago	Ill.	Oct. 2	200,000	94,000	723,000
*First National Bank	Kewanee	Ill.	Oct. 2	100,000	140,000	669,000
LaSalle Savings Bank & Trust Co.	LaSalle	Ill.	Oct. 2	100,000	32,000	501,000
Utica State Bank	Utica	Ill.	Oct. 2	25,000	30,000	338,000
Citizens Savings Bank	West Liberty	Iowa	Oct. 2	40,000	13,000	167,000
Truro Savings Bank	Truro	Iowa	Oct. 2	20,000	39,000	162,000
Thor Savings Bank	Thor	Iowa	Oct. 2	30,000	27,000	318,000
American Savings Bank	Laguketa	Iowa	Oct. 2	100,000	75,000	954,000
Bank of Swartz Creek	Swartz Creek	Mich.	Oct. 2	12,000	29,000	390,000
Peoples State Bank for Savings,	Muskegon	Mich.	Oct. 2	300,000	150,000	2,669,000
District No. 8.						
Fremont State Bank	Fremont	Mo.	Sept.19	10,000	4,000	60,000
Martin Bank	Martin	Tenn.	Sept.19	85,000	15,000	531,000
Jefferson County Bank	Jeffersontown	Ky.	Sept.19	25,000	16,000	410,000
Exchange Bank & Trust Co.	Dermott	Ark.	Sept.26	75,000	25,000	646,000
Farmers Bank	Chilhowee	Mo.	Sept.28	10,000	16,000	90,000
Bank of Portage Des Sioux	Portage Des Sioux	Mo.	Sept.28	10,000	6,000	90,000
Jacksonville Savings Bk	Jacksonville	Mo.	Sept.29	10,000	6,000	35,000
Somerville Bank & Trust Co.	Somerville	Tenn.	Sept.25	25,000	11,000	166,000
Peoples Bank	Searcy	Ark.	Sept.30	30,000	75,000	457,000
District No. 9.						
Adams County State Bk	Hettinger	N.Dak.	Sept.24	25,000	36,000	386,000
*First National Bank	Sisseton	S. Dak.	Sept.24	75,000	29,000	543,000
*First National Bank	Hankinson	N. Dak.	Sept.25	30,000	15,000	162,000
First State Bank	Regent	N. Dak.	Sept.28	25,000	19,000	201,000
Missionhill State Bank	Missionhill	S. Dak.	Sept.26	20,000	5,000	120,000
Farmers State Bank	Batslevew	N. Dak.	Sept.26	15,000	3,000	20,000
Elgin State Bank	Elgin	N. Dak.	Sept.26	15,000	2,000	150,000

BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 2, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 9 (Cont'd)</u>						
Sheyenne Valley Bank	Kathryn	N. Dak.	Sept. 26	25,000	8,000	197,000
Nassau State Bank	Nassau	Minn.	Sept. 28	15,000	9,000	95,000
First State Bank	Elgin	Minn.	Sept. 26	30,000	27,000	781,000
Volin State Bank	Volin	S. Dak.	Sept. 28	30,000	13,000	250,000
State Bank	Hollaquist	S. Dak.	Sept. 28	15,000	5,000	84,000
Farmers & Merchants State Bank	Roslyn	S. Dak.	Sept. 29	15,000	6,000	111,000
First State Bank	Strum	Wisc.	Sept. 28	20,000	11,000	288,000
First State Bank	Renner	S. Dak.	Sept. 30	15,000	7,000	90,000
Olmsted County Bank & Trust Co.	Rochester	Minn.	Oct. 1	75,000	36,000	849,000
First State Bank	Glenville	Minn.	Oct. 1	10,000	7,000	139,000
*Farmers & Merchants National Bank	Webster	S. Dak.	Sept. 28	50,000	23,000	692,000
First State Bank	Pierpont	S. Dak.	Oct. 2	10,000	30,000	261,000
Security State Bank	Halliday	N. Dak.	Oct. 1	10,000	5,000	171,000
<u>District No. 10.</u>						
*Farmers & Merchants State Bank	Benkelman	Nebr.	Sept. 25	25,000	7,000	560,000
Cedar County State Bk.	Hartington	Nebr.	Sept. 25	35,000	11,000	250,000
Agate State Bank	Agate	Colo.	Sept. 28	10,000	2,000	30,000
Farmers State Bank	Naper	Nebr.	Sept. 28	15,000	4,000	101,000
Citizens Bank of Atchinson County	Rockport	Mo.	Sept. 28	20,000	100,000	513,000
Citizens State Bank	Carmen	Okla.	Sept. 29	15,000	10,000	48,000
Fordyce State Bank	Fordyce	Nebr.	Sept. 30	20,000	25,000	446,000
State Bank of Ravenna	Ravenna	Nebr.	Sept. 30	25,000	16,000	248,000
Peoples State Bank	Grand Island	Nebr.	Oct. 1	50,000	8,000	336,000
Stock Growers State Bk	Berlin	Colo.	Oct. 2	25,000	50,000	501,000
<u>District No. 11.</u>						
*City National Bank & Trust Co.	San Antonio	Texas	Sept. 28	1,300,000	591,000	12,573,000
First State Bank	Stockdale	Texas	Sept. 28	40,000	15,000	115,000
*Security National B...	Bowie	Texas	Sept. 29	50,000	58,000	418,000
Cisco Banking Co.	Cisco	Texas	Sept. 29	100,000	27,000	378,000
Runge State Bank	Runge	Texas	Oct. 2	50,000	11,000	204,000
Texas State Bank	Eastland	Texas	Oct. 2	100,000	50,000	802,000
First State Bank	Loulton	Texas	Oct. 2	50,000	18,000	275,000
*First State Bank	Cross Plains	Texas	Oct. 1	50,000	19,000	144,000

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BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 3, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory)						
<u>District No. 12.</u>						
*Holtville Bank	Holtville	Cal.	Sept. 24	75,000	10,000	244,000
Loro State Bank	Loro	Ore.	Sept. 26	50,000	12,000	228,000
Joseph State Bank	Joseph	Ore.	Sept. 25	25,000	5,000	142,000
Bank of Oroville	Oroville	Wash.	Oct. 1	15,000	3,000	105,000

REOPENED:Date openDistrict No. 8.

Bank of Barlow	Barlow	Ky.	Closed 7-24-31			
				20,000	12,000	9-17-31

BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 9, 1931

(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 1</u>						
Medford Trust Co.	Medford	Mass.	Oct. 7	600,000	690,000	5,500,000
*Naugatuck Bank & Tr.Co.,	Naugatuck	Conn.	" 7	50,000	30,000	586,000
<u>District No. 2</u>						
Ontario County Tr.Co.	Canandaigua	N. Y.	Oct. 6	300,000	398,000	4,263,000
*Peoples National Bank	Blairstown	N. J.	" 6	50,000	46,000	429,000
*First National Bank	Newark	N. Y.	" 7	150,000	69,000	2,364,000
Warren County Tr. Co.	Belvidere	N. J.	" 8	100,000	91,000	836,000
<u>District No. 3</u>						
Glenside Trust Co.	Glenside	Pa.	Oct. 3	250,000	100,000	907,000
*Glenside Bk & Tr. Co.	"	"	" 3	300,000	260,000	2,759,000
Manheim Trust Co.	Philadelphia	"	" 3	250,000	40,000	657,000
Weniger & Co.	"	"	" 3	(No figures available)		
United Security Tr.Co.	"	"	" 5	750,000	789,000	8,112,000
Richmond Trust Co.	"	"	" 5	255,000	106,000	1,837,000
*Central National Bank	Mt. Union	"	" 5	60,000	98,000	556,000
Willow Grove Trust Co.	Willow Grove	"	" 5	125,000	90,000	857,000
Franklin Trust Co.	Philadelphia	"	" 6	3,000,000	7,574,000	26,325,000
Jordan State Bank	Allentown	"	" 6	50,000	21,000	353,000
Shrewsbury Svgs.Insti- tution	Shrewsbury	"	" 6	50,000	215,000	1,376,000
Central Tr.& Svgs.Wo.	Philadelphia	"	" 6	1,000,000	1,980,000	5,322,000
Wharton Title & Tr.Co.	"	"	" 7	200,000	23,000	466,000
Haddington Title & Tr.Co.	"	"	" 7	150,000	239,000	2,618,000
Hamilton Trust Co.	"	"	" 7	250,000	375,000	2,030,000
*First National Bank	Ocean City	N. J.	" 8	300,000	304,000	2,852,000
Girard Ave.Title & Tr.Co.,	Philadelphia,Pa.	"	" 8	200,000	567,000	2,909,000
*Moshannon National Bank,	Philadelphia Pa.	"	" 9	150,000	228,000	1,600,000
County Trust Co.	"	"	" 9	812,000	986,000	6,807,000
<u>District No. 4</u>						
*Farmers National Bank	Leechburg	Pa.	Oct. 3	50,000	57,000	709,000
Monroe Bank	Woodsfield	Ohio	" 3	50,000	102,000	986,000
*Dime Savings Bank Co.	Canton	"	" 5	500,000	274,000	8,961,000
*Farmers & Miners Nat.	Bentleyville	Pa.	" 5	100,000	49,000	824,000
Alexander & Co.	Monongahela	"	" 5	450,000	-	2,600,000
Washington Trust Co.	Washington	"	" 5	500,000	1,862,000	6,427,000
Monongahela City Tr.Co.	Monongahela	"	" 5	150,000	351,000	1,402,000
Union Trust Co.	Washington	"	" 5	250,000	136,000	626,000
*Peoples Nat. Bank	Point Marion	"	" 6	50,000	69,000	405,000
*Citizens Nat. Bank	Vandergrift	"	" 6	125,000	101,000	1,383,000
Citizens Banking Co.	Sebring	Ohio	" 8	25,000	50,000	812,000
*Citizens Savings Bank	Upper Sandusky	"	" 8	50,000	58,000	456,000
Central Union Tr. Co.	Wheeling	W. Va.	" 9	500,000	242,000	1,522,000

WEEK ENDED OCTOBER 9, 1931 (Continued)

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Member banks indicated by an asterisk (*)

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 5</u>						
Bank of Morgan County	Berkeley Springs	W. Va.	Oct. 3	25,000	6,000	240,000
*First National Bank	Belington	"	" 3	40,000	12,000	429,000
*Nat. Exchange Bank	Weston	"	" 3	150,000	57,000	1,443,000
*Planters & Merchants						
First Nat. Bank	So. Boston	Va.	" 5	125,000	57,000	1,702,000
*First National Bank	Cowen	W. Va.	" 5	25,000	6,000	110,000
Merchants & Fars. Bank	Spartanburg	S. C.	" 5	100,000	96,000	815,000
Savings Bank of	Williamsport,	Md.	" 5	25,000	23,000	285,000
Queenstown Bank of Md.	Queenstown	Md.	" 5	10,000	14,000	212,000
*First National Bank	Fairview	W. Va.	" 5	30,000	25,000	345,000
*First National Bank	Luray	Va.	" 6	30,000	46,000	566,000
Bank of Scottsburg	Scottsburg	"	" 6	10,000	8,000	105,000
Goldsboro Bank	Goldsboro	Md.	" 6	12,000	23,000	480,000
Far. & Merch. Bank	Fairview	W. Va.	" 6	50,000	70,000	534,000
Middletown Svgs. Bank	Middletown	Md.	" 7	25,000	152,000	854,000
Bank of Riverheads	Greenville	Va.	" 7	10,000	12,000	102,000
Bank of Wadestown	Wadestown	W. Va.	" 6	25,000	34,000	159,000
Bank of Clover	Clover	Va.	" 8	10,000	3,000	91,000
Peoples Dime Svgs. Bank						
& Trust Assn., Inc.	Staunton	Va.	" 8	7,000	1,000	45,000
Bank of Farmington	Farmington	W. Va.	" 9	50,000	20,000	406,000
Provident State Bank	Preston	Md.	" 9	25,000	20,000	272,000
*First National Bank	New Windsor	Md.	" 9	77,000	57,000	523,000
<u>District No. 6</u>						
Bank of Hermitage	Springs, Tenn.		Sept. 8	12,000	- -	17,000
Harpeth Valley Bank	Kingston Springs,					
	Tenn.		Sept. 14	10,000	- -	25,000
Home Bank	Tallapoosa	Ga.	Oct. 3	25,000	2,000	91,000
*First National Bank	Elba	Ala.	" 6	75,000	83,000	313,000
*Houston Nat. Bank	Dothan	"	" 6	150,000	150,000	745,000
<u>District No. 7</u>						
L. M. Yorum & Co., Bkrs.	Galva	Ill.	Oct. 2	100,000	59,000	730,000
Farmers & Drovers State Bank	Lakota	Ia.	" 3	30,000	6,000	186,000
LaFayette State Bank	LaFayette	Ill.	" 3	25,000	11,000	133,000
Citizens Svgs. & Tr. Co.	Iowa City	Ia.	" 3	50,000	8,000	700,000
Johnson County Svgs. Bk.	" "	"	" 3	125,000	155,000	3,450,000
Oxford Junction Svgs. Bk.	Oxford Junc.	"	" 3	50,000	4,000	436,000
Exchange State Bank	Brimfield	Ill.	" 5	50,000	15,000	262,000
Lockridge State Bank	Lockridge	Ia.	" 5	25,000	6,000	169,000
New Va. Savings Bank	New Virginia,	Ia.	" 5	20,000	32,000	84,000
Roscommon State Bank	Roscommon	Mich.	" 5	20,000	25,000	251,000
Savings Bank of	Brighton	Ia.	" 5	20,000	14,000	285,000
Nichols Savings Bank	Nichols	"	" 5	25,000	18,000	192,000
Com'l Svgs. Bank	Washington	"	" 5	100,000	59,000	1,813,000
Washington Loan & Tr. Co.	"	"	" 6	25,000	24,000	1,082,000
*First National Bank	Newton	"	" 6	100,000	70,000	1,709,000

WEEK ENDED OCTOBER 9, 1931 (Continued)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
District No. 7 (continued)						
Matherville State Bank	Matherville	Ill.	Oct. 6	15,000	2,000	100,000
*First National Bank	Erie	"	" 6	40,000	35,000	664,000
Ainsworth Savings Bank	Ainsworth	Ia.	" 6	35,000	21,000	181,000
Far. & Merch. Svgs. Bank	Haskins	"	" 6	13,000	8,000	125,000
Wayland Savings Bank	Wayland	"	" 6	40,000	31,000	380,000
First State Bank	Hobart	Ind.	" 6	50,000	27,000	874,000
*West Side Atlas Nat. Bk.	Chicago	Ill.	" 8	200,000	131,000	2,340,000
Bank of Altona	Altona	"	" 9	50,000	79,000	349,000
Southwest Tr. & Svgs. Bk.	Chicago	"	" 9	400,000	234,000	3,389,000
Troy Grove State Bank	Troy Grove	"	" 9	50,000	16,000	117,000
*First National Bank	Blockton	Ia.	" 9	25,000	5,000	185,000
Reasnor Savings Bank	Reasnor	"	" 9	20,000	5,000	125,000
*First National Bank	Fennimore	Wis.	" 9	50,000	20,000	623,000
Agency Savings Bank	Agency	Iowa	" 7	15,000	18,000	350,000
Fidelity Bk & Tr. Co.	Detroit	Mich.	" 7	1,000,000	565,000	8,038,000
Citizens State Bank	Franklin Grove	Ill.	" 8	50,000	19,000	192,000
Atalissa Savings Bank	Atalissa	Iowa	" 8	12,000	8,000	157,000
Lawton Savings Bank	Lawton	"	" 8	25,000	19,000	157,000
*Moville State Bank	Moville	"	" 8	35,000	35,000	194,000
Toronto Savings Bank	Toronto	"	" 8	15,000	2,000	75,000
First State Bank	Endeavor	Wis.	" 8	10,000	5,000	162,000

District No. 8

Lincoln Bank	Evansville	Ill.	Oct. 5	125,000	11,000	515,000
Citizens Tr. & Svgs. Bk	Princeton	Ind.	" 3	50,000	24,000	378,000
Vandalia Trust Co.	Vandalia	Mo.	" 3	60,000	19,000	420,000
*First National Bank	Lake Village	Ark.	" 2	50,000	33,000	550,000

District No. 9

Farmers Security Bank	Seneca	S. Dak.	Oct. 2	15,000	- -	70,000
Menno State Bank	Menno	"	" 1	25,000	18,000	320,000
Exchange State Bank	Grand Meadow	Minn.	" 3	40,000	25,000	435,000
Bank of Wyndmere	Wyndmere	N. Dak.	" 3	15,000	8,000	140,000
State Bank of Mayer	Mayer	Minn.	" 5	10,000	4,000	104,000
Racine State Bank	Racine	"	" 5	15,000	6,000	100,000
State Bank of	Watertown	"	" 5	20,000	6,000	401,000
*First National Bank	Mondovi	Wis.	" 3	50,000	57,000	906,000
*First National Bank	Stewartville, Minn.	"	" 7	50,000	18,000	506,000
First State Bank	Myrtle	"	" 8	10,000	5,000	86,000
Far. & Merch. State Bank	Sedan	"	" 8	15,000	3,000	70,000
American State Bank	Java	S. Dak.	" 8	15,000	17,000	174,000
Harding County Bank	Buffalo	"	" 8	10,000	27,000	191,000

District No. 10

*First National Bank	Auburn	Nebr.	Oct. 5	50,000	26,000	344,000
Venango State Bank	Venango	"	" 5	25,000	- -	153,000
*First National Bank	Hastings	"	" 5	200,000	124,000	2,234,000
Covington State Bank	Covington	Okla.	" 5	20,000	3,000	100,000
Citizens State Bank	Orchard	Nebr.	" 5	30,000	22,000	225,000
Harrison State Bank	Harrison	"	" 5	20,000	17,000	93,000
Bank of May	May	Okla.	" 5	15,000	3,000	29,000

WEEK ENDED OCTOBER 9, 1931 (Continued)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 10 (continued)</u>						
Riverton State Bank	Riverton	Nebr.	Oct. 6	13,000	1,000	121,000
Commercial Bank	Grant	"	" 7	25,000	4,000	85,000
First State Bank	Calhan	Colo.	" 6	25,000	16,000	214,000
Farmers State Bank	Glenvil	Nebr.	" 8	25,000	15,000	264,000
Security State Bank	Ravenna	"	" 8	30,000	- -	121,000
First State Bank	Holstein	"	" 8	25,000	5,000	105,000
Roseland State Bank	Roseland	"	" 8	25,000	4,000	117,000
Melvorn State Bank	Melvorn	Kans.	" 8	15,000	10,000	100,000
First State Bank	Jet	Okla.	" 9	20,000	7,000	187,000
Gimmarron Valley Bank	Coyle	"	" 9	10,000	1,000	111,000

District No. 11

*San Angelo Nat. Bank	San Angelo	Tex.	Oct. 3	300,000	328,000	2,691,000
Sinton State Bank	Sinton	"	" 3	63,000	63,000	909,000
Odem State Bank	Odem	"	" 3	25,000	5,000	96,000
*First National Bank	Ft. Stockton	"	" 6	50,000	14,000	539,000
*Citizens National Bank	Brownwood	"	" 6	100,000	134,000	1,257,000
Commonwealth Bk & Tr. Co.	San Antonio, Tex.	"	" 6	300,000	151,000	2,955,000
First State Bank	Big Lake	Tex.	" 7	30,000	38,000	210,000
*First National Bank	Bishop	"	" 7	25,000	2,000	246,000
*Coleman National Bank	Coleman	"	" 9	200,000	51,000	515,000
*First National Bank	Coleman	"	" 9	100,000	65,000	734,000
Central State Bank	Coleman	"	" 9	75,000	10,000	273,000
*First National Bank	Mathis	"	" 8	25,000	13,000	113,000

REOPENED: Date opened

District No. 8

Somerville Bk & Tr. Co.	Somerville, Tenn.	9-25-31	25,000	11,000	10- 5-31
Citizens Bank	Drakesboro Ky.	7-24-31	30,000	21,000	10- 8-31

District No. 10

Far. & Merch. Bank	Crescent	Okla.	9-15-31	20,000	17,000	10- 5-31
Holt County Bank	Mound City	Mo.	8-27-31	20,000	37,000	10- 7-31

Supplemental List

BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 9, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory, July 1931)						
<u>District No. 7</u>						
Saybrook Bank,	Saybrook	Ill.	Oct. 6	30,000	2,000	270,000
Churubusco State Bank	Churubusco	Ind.	" 7	25,000	7,000	208,000
Farmers & Merch.State Bk,	Marion	Iowa	" 7	50,000	22,000	270,000
Farmers Savings Bank	Ringsted	"	" 7	15,000	1,000	177,000
<u>District No. 8</u>						
Bank of Augusta & Tr.Co.	Augusta	Ark.	Oct. 8	50,000	40,000	225,000
Frankford Exchange Bank	Frankford	Mo.	" 8	25,000	18,000	202,000
<u>District No. 9</u>						
State Bank of Winthrop	Winthrop	Minn.	Oct. 6	25,000	28,000	318,000
Utica State Bank	Utica	S.Dak.	" 7	20,000	13,000	90,000
<u>District No. 10</u>						
Clay Center State Bank	Clay Center	Nebr.	Oct. 8	25,000	7,000	162,000
<u>District No. 11</u>						
Bank of Tynan	Tynan	Tex.	Oct. 7	15,000	- -	44,000

BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 16, 1931

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(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 1</u>						
Revere Trust Co.	Revere	Mass.	Oct.13	200,000	121,000	1,576,000
Highland Trust Co.	Somerville	"	" 13	150,000	305,000	5,738,000
<u>District No. 2</u>						
Springwater State Bank	Springwater	N. Y.	Oct.10	25,000	14,000	199,000
*Belvidere National Bank	Belvidere	N. J.	" 10	100,000	164,000	1,916,000
<u>District No. 3</u>						
*First Nat. Bank & Tr. Co.	Merchantville	N. J.	Oct.10	100,000	79,000	1,460,000
Merchantville Trust Co.	"	"	" 10	150,000	69,000	633,000
*Mapleshade Nat. Bank	Mapleshade	"	" 10	50,000	15,000	234,000
Collingswood Trust Co.	Collingswood	"	" 10	100,000	114,000	946,000
*Westmont National Bank	Westmont	"	" 13	25,000	45,000	460,000
Coatesville Trust Co.	Coatesville	Pa.	" 13	125,000	192,000	1,146,000
Manayunk Trust Co.	Philadelphia	"	" 13	250,000	760,000	3,162,000
Roxborough Trust Co.	"	"	" 13	300,000	544,000	1,783,000
Toms River Trust Co.	Toms River	N. J.	" 15	100,000	62,000	169,000
*Wildwood Title & Tr. Co.	Wildwood	"	" 15	100,000	183,000	783,000
Commonwealth Trust Co.	Harrisburg	Pa.	" 15	937,000	2,215,000	8,120,000
*First National Bank	Sea Isle City	N. J.	" 16	50,000	32,000	351,000
<u>District No. 4</u>						
Farmers Bank	Highland	Ohio	Oct.13	16,000	9,000	135,000
*First Nat. Bank & Tr. Co.	Monessen	Pa.	" 13	160,000	215,000	3,310,000
*Nat. Bank of Fayette Co.	Uniontown	"	" 13	500,000	566,000	9,247,000
*First National Bank in	Brockway	"	" 13	65,000	35,000	1,170,000
*City Trust & Svgs. Bank	Youngstown	Ohio	" 15	1,000,000	1,344,000	16,627,000
*Dollar Svgs. & Trust Co.	"	"	" 15	2,500,000	1,593,000	21,735,000
*First National Bank	"	"	" 15	2,500,000	1,908,000	17,002,000
Trumbull Banking Co.	Girard	"	" 15	50,000	16,000	498,000
Farmers & Merchants Bank	West Newton	Pa.	" 15	85,000	240,000	1,202,000
Tarentum Svgs. & Trust Co.	Tarentum	"	" 15	125,000	314,000	2,555,000
Peoples Com'l & Svgs. Bank	London	Ohio	" 16	50,000	6,000	225,000
*First National Bank	Somerfield	Pa.	" 16	25,000	90,000	242,000
<u>District No. 5</u>						
Farmers Bank of Somerset County	Marion Station	Md.	Oct.10	15,000	23,000	217,000
Roane County Bank	Spencer	W. Va.	" 10	150,000	57,000	542,000
Bank of Prosperity	Prosperity	S. C.	" 10	50,000	20,000	343,000
*First National Bank	Roxboro	N. C.	" 12	150,000	38,000	406,000
*First National Bank	Chase City	Va.	" 12	100,000	120,000	551,000
Merchants & Mfrs. Bank	Andrews	N. C.	" 10	20,000	26,000	282,000
Bank of Halifax	Halifax	Va.	" 12	50,000	29,000	377,000
State Bank of Charlotte Co., Drakes Branch, Va.	Drakes Branch, Va.	"	" 12	44,000	13,000	204,000
with branch at: Charlotte Court House, Va.						
Planters Bank	Keysville	"	" 13	25,000	11,000	186,000
with branch at: Meherrin	Meherrin	"				
*Grafton Bkg. & Trust Co.	Grafton	W. Va.	" 10	100,000	43,000	863,000
*Second National Bank	Morgantown	"	" 13	100,000	254,000	2,497,000
*First National Bank	Anawalt	"	" 13	50,000	12,000	204,000
*Gary National Bank	Gary	"	" 13	100,000	42,000	781,000
Citizens Bank	Weston	"	" 13	50,000	259,000	3,154,000
Brunswick Bk. & Trust Co.	Lawrenceville	Va.	" 14	75,000	34,000	383,000
Bank of Union Level	Union Level	"	" 14	10,000	12,000	61,000
Peoples Bk. & Trust Co.	Bonlee	N. C.	Sept.20	25,000	1,000	53,000
Union Bank	Jane Lew	W. Va.	Oct.14	60,000	32,000	377,000
Farmers Bank	Shinnston	"	" 15	40,000	33,000	697,000

Week ended October 16, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory July 1931)		
<u>District No. 5 (continued)</u>						
Bank of Wagram	Wagram	N. C.	Sep.14	15,000	1,000	56,000
Bruceton Bank	Bruceton Mills	W.Va.	Oct.15	25,000	57,000	504,000
Farmers & Merchants Bk.	Lawrenceville	Va.	" 15	28,000	1,000	200,000
Bank of Western Carolina,	Aiken	S. C.	" 15	289,000	255,000	3,036,000
with branches at: Barnwell, Batesburg, Blackville, Johnston, Lexington, North Augusta, Salley and Wagener, S. C.						
Bank of Williston	Williston	S. C.	Oct.15	50,000	28,000	272,000
Bank of Graniteville	Graniteville	"	" 15	25,000	10,000	161,000
Bank of Brodnax	Brodnax	Va.	" 15	50,000	25,000	160,000
Bank of LaCrosse	LaCrosse	"	" 15	50,000	82,000	323,000
*Peoples Trust Co.	Martinsburg	W.Va.	" 16	250,000	152,000	2,138,000
*Traders National Bank	Buckhannon	"	" 16	50,000	110,000	980,000
Buckhannon Bank	"	"	" 16	100,000	72,000	1,015,000
Citizens Bank	South Hill	Va.	" 16	50,000	50,000	318,000
Farmers Bank	Saluda	S. C.	" 16	25,000	27,000	317,000
<u>District No. 6</u>						
Bank of Chipley	Chipley	Fla.	Oct.15	37,000	46,000	406,000
<u>District No. 7</u>						
Security Savings Bank	Albert City	Iowa	Oct.10	30,000	7,000	212,000
Mecca Bank	Mecca	Ind.	" 12	10,000	12,000	47,000
Cotter Savings Bank	Cotter	Iowa	" 12	32,000	9,000	150,000
First Savings Bank	Richland	"	" 12	25,000	10,000	235,000
Farmers & Merchants Bk.	Hanna	Ind.	" 13	10,000	10,000	187,000
*First National Bank	Lake City	Iowa	" 13	50,000	15,000	445,000
*National Bank of Sidney	Sidney	"	" 13	60,000	12,000	277,000
Commercial Bank	Wapello	"	" 13	(indiv. responsibility 300,000)		300,000
State Bank of Victoria	Victoria	Ill.	" 13	35,000	41,000	210,000
Bank of Waucoma	Waucoma	Iowa	" 13	(indiv. responsibility 150,000)		150,000
Kenwood Savings Bank	Cedar Rapids	"	" 14	25,000	8,000	170,000
Bank of Benton County	Fowler	Ind.	" 15	25,000	23,000	485,000
Sully State Bank	Sully	Iowa	" 16	25,000	6,000	175,000
Peoples State Bank	Wayne	Mich.	" 16	30,000	48,000	1,173,000
<u>District No. 8</u>						
Bald Knob State Bank	Bald Knob	Ark.	Oct.12	15,000	20,000	140,000
Citizens Bank	" "	"	" 12	15,000	4,000	112,000
*First National Bank	Carterville	Ill.	" 10	50,000	33,000	550,000
Farmers & Merchants Bk	Wheeling	Mo.	" 10	15,000	10,000	90,000
Farmers & Merchants Bk	Chillicothe	Mo.	" 12	30,000	23,000	372,000
Weakley County Bank	Dresden	Tenn.	" 13	40,000	16,000	237,000
Mendon Bank	Mendon	Mo.	" 13	16,000	6,000	150,000
Triplett Bank	Triplett	"	" 13	15,000	5,000	128,000
Bank of Strawberry	Strawberry	Ark.	" 14	10,000	3,000	21,000
Bank of Baldwyn	Baldwyn	Miss.	" 14	47,000	9,000	740,000
Farmers Bank	Fulton	Ky.	" 15	50,000	42,000	375,000
Moscow Mills Svgs. Bank	Moscow Mills	Mo.	" 16	20,000	16,000	220,000
Bank of Dalton	Dalton	"	" 16	10,000	12,000	82,000
Gilliam Exchange Bank	Gilliam	"	" 16	30,000	23,000	101,000
<u>District No. 9</u>						
First State Bank	Ferney	S. Dak.	Oct. 9	15,000	13,000	95,000
Nunda State Bank	Nunda	"	" 12	11,000	2,000	66,000
Corson State Bank	Corson	"	" 12	15,000	2,000	80,000
Security State Bank	Dunseith	N. Dak.	" 9	20,000	5,000	199,000
Montpelier State Bank	Montpelier	"	" 13	15,000	5,000	105,000
Farmers & Merch. St. Bk.	Zimmerman	Minn.	" 13	20,000	2,000	147,000
*First National Bank	Pollock	S. Dak.	" 13	25,000	5,000	193,000

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Week ended October 16, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory July 1931)		
<u>District No. 9 (continued)</u>						
Walnut Grove State Bank	Walnut Grove	Minn.	Oct. 15	25,000	10,000	297,000
Bank of Scranton	Scranton	N.Dak.	" 14	25,000	15,000	335,000
<u>District No. 10</u>						
State Bank of Huntley	Huntley	Nebr.	Oct. 10	10,000	3,000	84,000
Naponee State Bank	Naponee	"	" 10	13,000	7,000	270,000
American State Bank	Geary	Okla.	" 12	25,000	4,000	150,000
*First National Bank	Deer Trail	Colo.	" 12	25,000	2,000	59,000
*First National Bank	Yuma	"	" 12	40,000	3,000	190,000
State Bank of Orleans	Orleans	Nebr.	" 13	25,000	7,000	219,000
American State Bank	Springfield	"	" 13	33,000	4,000	265,000
Citizens State Bank	Morrill	Kans.	" 14	15,000	23,000	150,000
Farmers State Bank	Hemingford	Nebr.	" 13	30,000	9,000	300,000
Bank of Otoe	Otoe	"	" 13	25,000	2,000	170,000
Bison State Bank	Bison	Okla.	" 13	10,000	5,000	136,000
Weston Bank	Weston	Nebr.	" 15	18,000	14,000	297,000
Citizens State Bank	Netawaka	Kans.	" 15	10,000	20,000	75,000
Franklin Exchange Bank	Franklin	Nebr.	" 15	20,000	7,000	203,000
North Loup State Bank	North Loup	"	" 16	20,000	7,000	225,000
First State Bank	Wiggins	Colo.	" 16	15,000	2,000	115,000
Citizens State Bank	Pratt	Kans.	" 16	50,000	17,000	325,000
<u>District No. 11</u>						
*Ballinger State Bank	Ballinger	Texas	Oct. 10	40,000	13,000	212,000
First State Bank	Kingsville	"	" 14	35,000	32,000	500,000
Texas State Bk & Tr. Co.	Corpus Christi	"	" 14	150,000	36,000	567,000
First State Bank	Mullin	"	" 15	15,000	- -	37,000
<u>District No. 12</u>						
Clarke County Bank	Washougal	Wash.	Oct. 15	15,000	11,000	250,000
San Fernando Valley Bk. No.	Los Angeles	Cal.	" 16	25,000	2,000	134,000

REOPENED:Date
openDistrict No. 3

*Mapleshade National Bank, Mapleshade,	N. J.	10-10-31	50,000	15,000	10-14-31
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BANKS REPORTED CLOSED - WEEK ENDED OCTOBER 23, 1931
 (For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
District No. 1						
*Fort Kent Trust Co.	Fort Kent	Maine	Oct. 19	50,000	60,000	651,000
District No. 2						
*Amherst Bank	Williamsville	N. Y.	Oct. 23	100,000	137,000	1,975,000
District No. 3						
Farmers & Merchants Bank	Dillsburg	Pa.	Oct. 17	25,000	21,000	300,000
*Wilcox National Bank	Wilcox	"	" 17	25,000	14,000	262,000
*Bank of Auburn	Auburn	"	" 19	50,000	65,000	612,000
Valley View Bank	Valley View	"	" 19	25,000	282,000	1,412,000
Columbus Title & Tr. Co.	Philadelphia	"	" 17	125,000	148,000	1,495,000
Ickesburg State Bank	Ickesburg	"	" 22	25,000	12,000	125,000
Mechanics Trust Co.	Harrisburg	"	" 23	300,000	127,000	2,974,000
McKean County Trust Co.	Bradford	"	" 23	200,000	361,000	3,308,000
District No. 4						
*Exchange National Bank	Pittsburgh	Pa.	Oct. 19	750,000	1,020,000	7,973,000
Bank of Littleton	Littleton	W. Va.	" 19	25,000	16,000	232,000
United Bank of	Middlebourne	" "	" 19	50,000	20,000	711,000
Deposit Banking Co.	Delaware	Ohio	" 20	50,000	85,000	579,000
Wadsworth Svgs. & Tr. Co.	Wadsworth	"	" 20	200,000	91,000	1,590,000
*Monongahela Nat. Bank	Pittsburgh	Pa.	" 21	1,000,000	1,302,000	18,489,000
Homewood Peoples Bank	"	"	" 21	100,000	218,000	3,978,000
Jamestown Banking Co.	Jamestown	"	" 21	50,000	25,000	500,000
Bank of Cameron	Cameron	W. Va.	" 21	100,000	29,000	635,000
Brewster Banking Co.	Brewster	Ohio	" 22	25,000	20,000	250,000
*City Svgs. Bank & Tr. Co.	Alliance	"	" 22	250,000	116,000	3,199,000
Geo. D. Harter Bank	Canton	"	" 22	1,000,000	366,000	8,081,000
*Ohio Merchants Trust Co.	Massillon	"	" 22	1,000,000	265,000	3,602,000
Farmers & Citizens Bkg. Co.	Monroeville	"	" 22	50,000	19,000	427,000
Valley Deposit & Tr. Co.	Belle Vernon	Pa.	" 23	129,000	179,000	1,468,000
District No. 5						
Com'l Bank & Trust Co.	Danville	Va.	Oct. 17	150,000	173,000	1,116,000
Bank of Chapin	Chapin	S. C.	" 17	10,000	6,000	80,000
*First National Bank	Terra Alta	W. Va.	" 19	25,000	52,000	609,000
Terra Alta Bank	" "	" "	" 19	30,000	52,000	556,000
Winnsboro Bank	Winnsboro	S. C.	" 19	150,000	179,000	1,026,000
*First National Bank	Newburg	W. Va.	" 20	25,000	24,000	351,000
*Citizens National Bank	Prosperity	S. C.	" 20	50,000	10,000	266,000
Farmers Bank	Boydton	Va.	" 17	25,000	25,000	238,000
*Citizens National Bank	Philippa	W. Va.	" 22	50,000	74,000	822,000
District No. 6						
Southern Bank & Tr. Co.	Miami	Fla.	Sep. 7	100,000	- -	- -
*Citizens Banking Co.	Eastman	Ga.	Oct. 19	100,000	5,000	180,000
*First National Bank	Elizabethton	Tenn.	" 17	75,000	75,000	848,000
*Commercial Nat. Bank	Eufaula	Ala.	" 22	150,000	50,000	227,000
Planters Bank	Pavo	Ga.	" 22	15,000	3,000	35,000
District No. 7						
Hancock Savings Bank	Hancock	Iowa	Oct. 17	15,000	38,000	200,000
Buchanan State Bank	Buchanan	Mich.	" 17	40,000	30,000	500,000
*First National Bank	"	"	" 17	50,000	42,000	556,000
*First State Bank	Petoskey	"	" 17	75,000	30,000	1,485,000
Farmers Security Bank	Wilton	Wisc.	" 17	15,000	4,000	140,000
State Bank of Loda	Loda	Ill.	" 17	50,000	1,000	110,000
State Bank of Adrian	Adrian	"	" 19	35,000	4,000	83,000

Week ended October 23, 1931

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
District No. 7 (continued)						
First Tr. & Svgs. Bank	Ida Grove	Iowa	Oct. 19	60,000	38,000	725,000
Security State Bank	Pella	"	" 19	75,000	34,000	770,000
*Lyon County Nat. Bank	Rock Rapids	"	" 19	75,000	46,000	1,341,000
Peoples State Bank	Scottville	Mich.	" 19	30,000	35,000	477,000
*First National Bank	Doon	Iowa	" 19	50,000	13,000	189,000
Farmers Savings Bank	No. Washington	"	" 20	25,000	9,000	194,000
*United Savings Bank	Tecumseh	Mich.	" 20	80,000	40,000	1,203,000
Newburg Savings Bank	Newburg	Iowa	" 21	25,000	2,000	100,000
Citizens State Bank	New Sharon	"	" 20	30,000	29,000	386,000
State Bank of DeWitt	DeWitt	Ill.	" 22	25,000	2,000	36,000
*Citizens National Bank	Kokomo	Ind.	" 23	350,000	145,000	4,043,000
Peoples Savings Bank	Cadillac	Mich.	" 23	100,000	75,000	1,060,000
Neva Farmers Bank	Neva	Wisc.	" 23	25,000	29,000	259,000
District No. 8						
Citizens Bank	Mammoth Spring	Ark.	Oct. 19	15,000	2,000	96,000
American Tr. & Svgs. Bank	Evansville	Ind.	" 19	250,000	217,000	3,003,000
*First National Bank	Brunswick	Mo.	" 16	50,000	15,000	340,000
*First National Bank in	Versailles	"	" 15	30,000	6,000	312,000
Exchange Bank	Vandalia	"	" 19	40,000	10,000	306,000
Lomax & Standly Bank	Laclede	"	" 19	15,000	11,000	126,000
Farmers & Merchants Bank	Prairie Hill	"	" 19	10,000	3,000	46,000
Lamasco Bank	Evansville	Ind.	" 21	100,000	76,000	1,640,000
North Side Bank	"	"	" 22	100,000	75,000	1,729,000
*City National Bank	Herrin	Ill.	" 21	50,000	60,000	750,000
Peoples Bank	Salisbury	Mo.	" 22	25,000	31,000	248,000
Farmers & Merchants Bank	Hutsonville	Ill.	" 22	20,000	2,000	77,000
Newlin State Bank	"	"	" 22	25,000	27,000	223,000
Farmers Bank	Hardy	Ark.	" 23	25,000	3,000	50,000
Farmers State Bank	Rogers	"	" 23	50,000	27,000	288,000
*Fidelity Bank & Tr. Co.	St. Louis	Mo.	" 23	200,000	60,000	1,161,000
Com'l Amer. Bk. & Tr. Co.	Warrensburg	"	" 23	75,000	8,000	46,000
District No. 9						
*First National Bank	Isanti	Minn.	Oct. 16	25,000	9,000	277,000
First State Bank	Ashley	N.Dak.	" 15	15,000	10,000	307,000
Farmers & Merchants Bank	Lehr	" "	" 15	15,000	25,000	223,000
State Bank of Bethel	Bethel	Minn.	" 11	20,000	7,000	257,000
Gwinner State Bank	Gwinner	N.Dak.	" 17	15,000	8,000	58,000
Farmers State Bank	Pukwana	S.Dak.	" 19	20,000	15,000	400,000
Tabor State Bank	Tabor	" "	" 19	50,000	10,000	170,000
Zeeland State Bank	Zeeland	N.Dak.	" 19	20,000	30,000	430,000
Bank of Doyon	Doyon	" "	" 19	20,000	4,000	36,000
Fedora State Bank	Fedora	S.Dak.	" 19	20,000	2,000	150,000
Farmers State Bank	Cathay	N.Dak.	" 20	15,000	1,000	102,000
Peoples State Bank	Velva	" "	" 20	15,000	2,000	122,000
Farmers State Bank	Easton	Minn.	" 21	25,000	8,000	300,000
Frontenac State Bank	Frontenac	"	" 22	15,000	2,000	72,000
Citizens Bank	Lake City	"	" 22	50,000	69,000	640,000
Farmers State Bank	Watauga	S.Dak.	" 22	15,000	4,000	85,000
State Bank of Heimdal	Heimdal	N.Dak.	" 22	10,000	13,000	141,000

Week ended October 23, 1931

Member banks indicated by an asterisk (*)

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 10</u>						
Peoples Bank	Upland	Nebr.	Oct. 16	25,000	5,000	160,000
Upland Banking Co.	"	"	" 16	25,000	10,000	225,000
Bank of Campbell	Campbell	"	" 17	25,000	8,000	157,000
Farmers Bank	Westboro	Mo.	" 19	10,000	16,000	86,000
Farmers State Bank	Wallace	Nebr.	" 17	25,000	7,000	173,000
Franklin County Bank	Hildreth	"	" 19	20,000	7,000	343,000
State Bank of Swedeburg	Swedeburg	"	" 20	15,000	16,000	89,000
*First National Bank	Buona Vista	Colo.	" 20	25,000	4,000	124,000
Bloomington State Bank	Bloomington	Nebr.	" 20	25,000	5,000	120,000
State Bank of Ord	Ord	"	" 20	40,000	10,000	204,000
Union State Bank	Yuma	Colo.	" 21	25,000	10,000	200,000
Jackson County Bank	Independence	Mo.	" 23	50,000	20,000	427,000
Crawford State Bank	Crawford	Nebr.	" 22	30,000	26,000	278,000
Clay County State Bank	Edgar	"	" 22	25,000	8,000	262,000
State Bank of Edgar	"	"	" 22	25,000	2,000	273,000
<u>District No. 11</u>						
*First National Bank	Del Rio	Texas	Oct. 13	100,000	184,000	1,022,000
Valley State Bank	Harlingen	"	" 19	70,000	42,000	855,000
*First National Bank	Turkey	"	" 20	25,000	5,000	62,000
*First State Bank	Seymour	"	" 21	35,000	7,000	150,000
Security State Bank	Weslaco	"	" 22	25,000	20,000	472,000
Farmers State Bank	Vernon	"	" 22	100,000	57,000	393,000
*First National Bank	Mission	"	" 22	50,000	25,000	409,000
State Bank & Trust Co.	McAllen	"	" 23	50,000	14,000	591,000
*First National Bank	"	"	" 23	60,000	2,000	440,000
*First State Bank	Munday	"	" 23	35,000	- -	85,000
*First National Bank	Pharr	"	" 23	50,000	1,000	335,000
<u>District No. 12</u>						
State Bank of	Manhattan Beach,	Cal.	Oct. 16	35,000	5,000	216,000
*First National Bank	Baldwin Park	"	" 20	35,000	15,000	306,000
Baldwin Park Svgs. Bank	"	"	" 20	25,000	6,000	104,000
Pacific Com'l Bank	Seattle	Wash.	" 22	150,000	65,000	2,556,000

CLOSED BANKS REOPENED:

				<u>Date open</u>		
<u>District No. 5</u>						
Farmers & Merchants Bank	Lawrenceville Va.		10-15-31	28,000	1,000	10-19-31
Brunswick Bank & Tr. Co.	"	"	10-14-31	75,000	34,000	10-23-31
Bank of Lacrosse	Lacrosse	"	10-15-31	50,000	82,000	10-21-31
Citizens Bank	South Hill	"	10-16-31	50,000	50,000	10-23-31

BANKS REPORTED CLOSED - WEEK ENDED OCT. 30, 1931

(For confidential use only- subject to correction).

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
State Bank of Avon,	Avon	N. Y.	Oct.26	50,000	42,000	920,000
*First National Bank	North Rose	"	" 26	50,000	28,000	600,000
*Federation Bank & Tr. Co.	New York	"	" 30	750,000	1,215,000	16,699,000
<u>District No. 3</u>						
Security Trust Co.	Harrisburg	Pa.	Oct.26	300,000	105,000	1,599,000
Merion Title & Trust Co.	Ardmore	"	" 28	750,000	1,473,000	7,342,000
No.Branch Title & Tr.Co.	Sunbury	"	" 28	200,000	145,000	952,000
Far.& Mechanics Bank	Northumberland,	Pa.	" 29	75,000	18,000	194,000
<u>District No. 4</u>						
Delaware Svgs. Bank Co.	Delaware	Ohio	Oct.24	50,000	28,000	662,000
Citizens Trust Co.	Bellevue	Pa.	" 24	150,000	209,000	1,982,000
Iron City Savings Bank	Ironton	Ohio	" 27	50,000	38,000	535,000
Kinsman Banking Co.	Kinsman	"	" 27	25,000	33,000	286,000
*First National Bank	Cardington	"	" 28	60,000	16,000	323,000
Seville State Bank	Seville	"	" 28	25,000	24,000	288,000
Bank of Royalton	Royalton	Ky.	" 29	15,000	5,000	38,000
*Citizens National Bank	Seward	Pa.	" 30	25,000	38,000	150,000
<u>District No. 6</u>						
Farmers Bank	Luverne	Ala.	Oct.24	25,000	72,000	150,000
Consolidated State Bank	Robertsdale	"	" 24	(no figures available)		
*First National Bank	Graceville	Fla.	" 23	35,000	9,000	195,000
Peoples Bank	Crystal Springs	Miss.	SeP.21	50,000	11,000	300,000
American Bank & Trust Co.	Opp	Ala.	Oct.27	50,000	11,000	40,000
Citizens State Bank	Carbon Hill	"	" 27	50,000	10,000	266,000
Central Bank & Trust Co.	Jasper	"	" 28	70,000	59,000	679,000
<u>District No. 7</u>						
South Kokomo Bank	Kokomo	Ind.	Oct.23	25,000	7,000	104,000
Peoples Trust & Svgs.Bank	"	"	" 24	100,000	21,000	448,000
*First National Bank	Sycamore	Ill.	" 26	175,000	61,000	1,705,000
Wauconda Tr. & Svgs.Bank	Wauconda	"	" 26	25,000	15,000	189,000
State Bank of Walkerton	Walkerton	Ind.	" 26	25,000	15,000	345,000
Arcadia State Svgs. Bank	Arcadia	Mich.	" 26	20,000	4,000	82,000
Bentley Savings Bank	Bentley	Iowa	" 26	10,000	1,000	60,000
Saline Savings Bank	Saline	Mich.	" 26	25,000	40,000	503,000
Citizens Bank & Trust Co.	Elwood	Ind.	" 27	75,000	18,000	994,000
Brookfield State Bank	Brookfield	Ill.	" 28	100,000	27,000	277,000
Farmers State Bank	Hobbs	Ind.	" 28	25,000	12,000	107,000
*First National Bank	Logansport	"	" 28	250,000	170,000	5,626,000
Congress Park State Bank	Congress Park,	Ill.	" 29	50,000	12,000	137,000
Arnott State Bank	Arnott	Wis.	" 29	10,000	7,000	161,000
Iowa State Savings Bank	Malvern	Iowa	" 30	25,000	8,000	395,000

Week ended Oct. 30, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory July 1931)		
<u>District No. 8</u>						
Citizens Trust Co.	Huntingburg	Ind.	Oct. 24	25,000	10,000	391,000
Citizens Bank	Clarksville	Mo.	" 24	20,000	6,000	87,000
*First National Bank	Dexter	"	" 23	50,000	32,000	366,000
Oakland Bank	Oakland	Ky.	" 24	25,000	19,000	150,000
Security Bank	Slater	Mo.	" 26	50,000	65,000	266,000
Bank of Slater	"	"	" 26	50,000	75,000	375,000
Bank of Henrietta	Henrietta	"	" 26	10,000	1,000	74,000
Bank of Saline	Marshall	"	" 28	75,000	37,000	157,000
*City National Bank	Paducah	"	" 28	300,000	482,000	5,515,000
*National Bank of Albion	Albion	Ill.	" 27	50,000	20,000	685,000
Bank of Atlanta	Atlanta	Mo.	" 29	70,000	59,000	679,000
*Hutchings-First Nat. Bank	Siloam Springs, Ark.	"	" 30	50,000	7,000	465,000
Farmers Bank	Essex	Mo.	" 30	20,000	17,000	99,000

District No. 9

Cleveland State Bank	Cleveland	N. Dak.	Oct. 24	15,000	4,000	70,000
Farmers State Bank	Elk Point	S. Dak.	" 26	20,000	7,000	155,000
Lake Henry State Bank	Lake Henry	Minn.	" 27	10,000	2,000	94,000
Security State Bank	Paynesville	"	" 27	30,000	6,000	347,000
*First National Bank	Belle Fourche, S. Dak.	"	" 30	25,000	40,000	646,000
State Bank of Norcross	Norcross	Minn.	" 30	10,000	6,000	106,000

District No. 10

State Bank of Buffalo	Buffalo	Kans.	Oct. 26	20,000	5,000	100,000
Citizens Bank	Liberty	Mo.	" 26	75,000	32,000	455,000
Far. & Merch. State Bank	McCook	Nebr.	" 24	60,000	7,000	419,000
Commercial State Bank	Crawford	"	" 27	35,000	30,000	668,000
Citizens State Bank	Cedar Rapids	"	" 29	25,000	6,000	130,000
German-American State Bk.	Chalco	"	" 30	10,000	2,000	147,000
Quenemo State Bank	Quenemo	Kans.	" 30	15,000	2,000	87,000

District No. 12

*Security National Bank	Fairfield	Idaho	Oct. 24	25,000	8,000	163,000
Far. Com'l & Svgs. Bank	Oakley	"	" 23	25,000	8,000	110,000
Woodland State Bank	Woodland	Wash.	" 27	25,000	7,000	280,000

REOPENED:

Date open

District No. 5

Gaston Loan & Trust Co.	Gastonia	N. C.	12-16-30	25,000	14,000	10-20-31
Bank of Brodnax	Brodnax	Va.	10-15-31	50,000	25,000	10-26-31
Bank of Halifax	Halifax	"	10-12-31	50,000	29,000	10-27-31
Planters Bank	Keysville	"	10-13-31	25,000	11,000	10-28-31
with branch at Meherrin, Va.						
Farmers Bank	Boydton	"	10-17-31	25,000	25,000	10-28-31
Bank of Wadestown	Wadestown	W. Va.	10- 6-31	25,000	34,000	10-28-31

District No. 10

First State Bank	Jet	Okla.	10- 9-31	20,000	7,000	10-28-31
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BANKS REPORTED CLOSED - WEEK ENDED NOV. 6, 1931

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(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
M. Berardini State Bank	New York	N. Y.	Oct. 31	150,000	737,000	2,095,000
Guaranty State Bank	Passaic	N. J.	Nov. 2	100,000	38,000	643,000
Central Trust Co.	Medina	N. Y.	" 2	100,000	100,000	1,797,000
Lyndhurst Trust Co.	Lyndhurst	N. J.	" 4	100,000	87,000	583,000
<u>District No. 3</u>						
*Peoples Trust Co.	Frackville	Pa.	Nov. 4	125,000	72,000	510,000
<u>District No. 4</u>						
*Union Trust Co.	Dayton	Ohio	Oct. 31	1,500,000	1,569,000	28,805,000
*Citizens National Bank	Ellwood City	Pa.	Nov. 3	100,000	40,000	905,000
*Farmers Svgs. & Trust Co.	Mansfield	Ohio	" 4	225,000	315,000	2,588,000
Pendleton Bank	Falmouth	Ky.	" 4	83,000	95,000	1,550,000
Richland Trust Co.	Mansfield	Ohio	" 5	300,000	365,000	2,591,000
<u>District No. 5</u>						
Wood County Bank	Parkersburg	W.Va.	Nov. 2	200,000	572,000	2,930,000
First State Bank	Grantsville	Md.	Oct. 31	25,000	28,000	389,000
*First National Bank	Parkersburg	W.Va.	Nov. 3	500,000	1,159,000	5,093,000
Central Bank & Trust Co.	"	" "	" 3	150,000	75,000	773,000
Bank of Ripley	Ripley	" "	" 4	50,000	10,000	226,000
*First National Bank	"	" "	" 5	70,000	25,000	575,000
<u>District No. 6</u>						
Bank of Ragland	Ragland	Ala.	Nov. 2	15,000	4,000	29,000
*Phoenix National Bank	Columbia	Tenn.	" 2	200,000	28,000	725,000
Bank of Newbern	Newbern	Ala.	" 3	28,000	12,000	52,000
Citizens Bank & Trust Co.	Bunkie	La.	" 3	80,000	70,000	1,003,000
with branches at: Marksville, Moreauville and Plaucheville, La.						
Commercial Savings Bank	Guin	Ala.	Nov. 3	25,000	6,000	150,000
*American National Bank	Dayton	Tenn.	" 4	25,000	83,000	634,000
Bank of Lynnville	Lynnville	"	" 5	30,000	13,000	182,000
<u>District No. 7</u>						
Lucerne State Bank	Lucerne	Ind.	Oct. 31	25,000	15,000	172,000
Citizens Bank	Milo	Iowa	" 31	20,000	6,000	208,000
Citizens Bank	Anderson	Ind.	" 31	406,000	57,000	3,236,000
Citizens State Bk. & Tr. Co.	Sheldon	Ill.	" 31	40,000	10,000	204,000
Downers Grove State Bank	Downers Grove	"	Nov. 2	100,000	112,000	516,000
Alexandria Bank	Alexandria	Ind.	" 2	30,000	19,000	533,000
Traer State Bank	Traer	Iowa	" 2	30,000	20,000	240,000
Bank of Buckingham	Buckingham	"	" 2	10,000	-	123,000
Farmers Bank	Voorhies	"	" 2	10,000	-	73,000
Wisconsin State Bank	Stevens Point, Wis.	"	" 3	30,000	15,000	898,000
Blakesburg Savings Bank	Blakesburg	Iowa	" 4	50,000	18,000	465,000
Union State Bank	Rossville	Ind.	" 5	(no figures available)		
State Bank of Nelsonville	Nelsonville	Wis.	" 5	10,000	7,000	149,000
Liberty State Bank	Pulaski	"	" 5	25,000	16,000	487,000
Newton County State Bank	Kentland	Ind.	" 6	50,000	10,000	215,000
Steuben County State Bank	Angola	"	" 6	50,000	35,000	1,210,000
Michigan State Bank	E. Lansing	Mich.	" 6	25,000	2,000	227,000

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 8</u>						
*First National Bank	Blytheville	Ark.	Oct.31	100,000	20,000	240,000
Citizens Bank	Higbee	Mo.	" 31	10,000	8,000	100,000
*First National Bank	Golconda	Ill.	Nov. 2	50,000	14,000	315,000
*Peoples National Bank	St.Francisville	"	" 2	70,000	36,000	537,000
*Citizens National Bank	Sedalia	Mo.	" 2	100,000	298,000	2,237,000
Bank of Centerton	Centerton	Ark.	" 2	12,000	2,000	62,000
Bank of Hardin	Hardin	Mo.	Oct.31	75,000	27,000	206,000
Prairie Home Bank	Prairie Home	"	Nov. 2	12,000	4,000	57,000
Owensville Bank	Owensville	"	" 2	50,000	10,000	321,000
Bank of Malta Bend	Malta Bend	"	" 2	30,000	30,000	92,000
Bank of Barnett	Barnett	"	" 3	25,000	6,000	146,000
Waverly Bank	Waverly	"	" 3	25,000	13,000	165,000
State Bank of Eddyville	Eddyville	Ill.	" 3	15,000	2,000	48,000
Bank of Longwood	Longwood	Mo.	" 3	10,000	26,000	112,000
*Lawrence County Bank	Walnut Ridge	Ark.	" 5	100,000	45,000	373,000
*First National Bank	Noble	Ill.	" 5	25,000	15,000	210,000
Kevil Bank	Kevil	Ky.	Oct.31	15,000	6,000	86,000

<u>District No. 9</u>						
First State Bank	Vida	Mont.	Oct.30	20,000	6,000	150,000
First State Bank	Judson	N.Dak.	" 27	10,000	5,000	88,000
Bank of Hot Springs	Hot Springs	S.Dak.	Nov. 2	40,000	32,000	872,000
*First National Bank	St. Thomas	N.Dak.	" 5	25,000	14,000	200,000
Watkins State Bank	Watkins	Minn.	" 5	15,000	7,000	231,000
Farmers State Bank	Mandan	N.Dak.	" 6	50,000	5,000	600,000

<u>District No. 10</u>						
*First National Bank	Alliance	Nebr.	Oct.31	100,000	93,000	2,640,000
Marsland State Bank	Marsland	"	" 31	10,000	11,000	30,000
Farmers State Bank	Wood River	"	Nov. 2	50,000	22,000	428,000
Bank of Del Norte	Del Norte	Colo.	Oct.30	20,000	9,000	240,000
Farmers & Merch.State Bk.	Concordia	Kans.	Nov. 2	100,000	11,000	416,000
Bank of Oak Grove	Oak Grove	Mo.	" 3	20,000	18,000	165,000
Anselmo State Bank	Anselmo	Nebr.	" 3	25,000	13,000	289,000
Farmers State Bank	Crookston	"	" 5	20,000	2,000	135,000

<u>District No. 11</u>						
*Security National Bank	Paducah	Texas	Oct.31	50,000	50,000	557,000
First State Bank	Crowell	"	Nov. 3	30,000	30,000	142,000
*City Nat. Bank & Tr. Co.	Corpus Christi	"	" 4	200,000	105,000	2,434,000
Tivoli State Bank	Tivoli	"	" 6	25,000	-	54,000

<u>District No. 12</u>						
*First National Bank	Hoquiam	Wash.	Nov. 5	300,000	172,000	2,464,000
Coachella Valley St. Bk.	Thermal	Calif.	" 5	25,000	4,000	72,000

REOPENED:

Date Open

<u>District No. 5</u>						
State Bank of Trappe	Trappe	Md.	8-14-31	10,000	28,000	11- 2-31
(reopened as branch of Farmers & Merchants Bank, Easton, Md.)						
Bank of Morgantown	Morgantown	W.Va.	9-28-31	100,000	279,000	11- 5-31

<u>District No. 10</u>						
Citizens Bank of Atchison County	Rockport	Mo.	9-28-31	20,000	100,000	10-31-31

<u>District No. 11</u>						
*First National Bank	Las Cruces	N.Mex.	9- 4-31	50,000	31,000	10-31-31

BANKS REPORTED CLOSED - WEEK ENDED NOV. 13, 1931
(For confidential use only - subject to correction)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital & profits	Surplus	Total deposits
				(Bankers' Directory July 1931)		
<u>District No. 2</u>						
Singac Trust Co.	Singac	N. J.	Nov. 9	100,000	30,000	226,000
<u>District No. 4</u>						
*Citizens National Bank	New Lexington	O.	Nov. 10	75,000	80,000	1,050,000
First State Bank	Plain City	Ohio	" 12	25,000	27,000	239,000
<u>District No. 5</u>						
Peoples Bank of Somerset County	Princess Anne	Md.	Nov. 9	25,000	60,000	528,000
Cherokee Bank	Murphy	N. C.	Oct. 3	17,000	2,000	150,000
<u>District No. 6</u>						
Lancaster Banking Co.	Lancaster	Tenn.	Oct. 22	15,000	4,000	23,000
Silver Creek State Bank	Silver Creek	Miss.	" 26	10,000	10,000	90,000
Merchants & Marine Bank	Pascagoula	"	" 15	75,000	17,000	545,000
Peoples Bank	Ideal	Ga.	Nov. 9	15,000	3,000	65,000
Bank of Arlington	Arlington	"	" 10	50,000	35,000	220,000
Irwinton Bank	Irwinton	"	" 12	15,000	5,000	85,000
<u>District No. 7</u>						
Calumet City State Bank	Calumet City	Ill.	Nov. 7	50,000	14,000	450,000
State Bank of Beaverton	Beaverton	Mich.	" 9	30,000	5,000	170,000
Capital City Bank	Madison	Wis.	" 10	200,000	235,000	2,005,000
*Citizens Nat. Bank & Tr. Co.	Terre Haute	Ind.	" 12	200,000	117,000	1,445,000
Iowa State Svgs. Bank	Volga	Iowa	" 12	25,000	5,000	424,000
<u>District No. 8</u>						
*First National Bank	Marceline	Mo.	Nov. 12	25,000	13,000	301,000
Bank of Sweet Springs	Sweet Springs	"	" 12	50,000	3,000	210,000
<u>District No. 9</u>						
Farmers & Merch. St. Bk.	New Salem	N. Dak.	Nov. 6	20,000	11,000	337,000
First State Bank	" "	" "	" 6	20,000	23,000	320,000
Ollie State Bank	Ollie	Mont.	" 6	20,000	5,000	52,000
Lewis State Bank	Lewis	Wis.	" 7	12,000	7,000	74,000
*First National Bank	Frederic	"	" 9	25,000	7,000	317,000
Farmers State Bank	Almont	N. Dak.	" 12	10,000	15,000	142,000
*First Kenmare Nat. Bank	Kenmare	" "	" 12	25,000	17,000	272,000
*First National Bank	Custer	S. Dak.	" 13	25,000	1,000	195,000
Pettibone State Bank	Pettibone	N. Dak.	" 12	10,000	13,000	50,000
<u>District No. 10</u>						
*First National Bank, Steamboat Springs, Colo.	Steamboat Springs, Colo.		Nov. 9	25,000	31,000	469,000
Farmers Bank	Strasburg	Mo.	" 10	10,000	22,000	98,000
Security State Bank	Broken Bow	Nebr.	" 10	35,000	13,000	243,000
Arapahoe State Bank	Arapahoe	"	" 12	25,000	13,000	327,000
Lincolnvillle State Bank	Lincolnvillle	Kans.	" 12	20,000	3,000	66,000
First State Bank	Douglas	Wyo.	" 13	50,000	1,000	300,000

Week ended Nov. 13, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Surplus		Total deposits
				Capital	& profits	
<u>District No. 11</u>						
*Beeville Bank & Trust Co.	Beeville	Texas	Nov. 12	50,000	32,000	447,000
Far. & Merch. State Bk.	Mabank	"	" 12	25,000	5,000	130,000
First State Bank	Skidmore	"	" 13	25,000	5,000	90,000

(Bankers' Directory July 1931)

			<u>REOPENED:</u>			
						<u>Date open</u>
<u>District No. 7</u>						
Citizens Bank	Milo	Iowa	10-31-31	20,000	6,000	11-10-31

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BANKS REPORTED CLOSED - WEEK ENDED NOV. 20, 1931

(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus	Total deposits
				(Bankers' Directory July '31)		
<u>District No. 3</u>						
*First National Bank	Houtzdale	Pa.	Nov.16	125,000	345,000	1,633,000
Vincent D'Ambrosio	Philadelphia	"	Oct.20	(Private bank - no figures)		
<u>District No. 4</u>						
*Peoples National Bank	Lodi	Ohio	Nov.19	50,000	32,000	558,000
*First National Bank	Geneva	"	" 20	50,000	80,000	850,000
<u>District No. 6</u>						
Bank of Dunellon	Dunellon	Fla.	Nov.14	60,000	64,000	204,000
Bank of Pompano	Pompano	"	" 16	50,000	56,000	600,000
Citizens Bank	Blakely	Ga.	" 14	50,000	5,000	144,000
<u>District No. 7</u>						
Livingston State Bank	Livingston	Wis.	Nov.17	25,000	15,000	177,000
Esmond State Bank	Esmond	Ill.	" 18	25,000	6,000	93,000
<u>District No. 8</u>						
Bank of Manila	Manila	Ark.	Nov.20	15,000	16,000	57,000
*First National Bank	Corinth	Miss.	" 20	100,000	6,000	1,082,000
Farmers & Merchants Bank	Beaufort	Mo.	" 20	20,000	10,000	273,000
Peoples Bank	St. Charles	"	" 20	20,000	48,000	308,000
Bank of Fortuna	Fortuna	"	" 20	10,000	4,000	72,000
Peoples Home Bank	Hampton	Ark.	" 16	25,000	21,000	106,000
Bank of Smithville	Smithville	Miss.	" 16	20,000	5,000	27,000
Farmers Bank & Trust Co.	St. Matthews	Ky.	" 17	40,000	17,000	199,000
Citizens Bank	Foreman	Ark.	" 18	25,000	1,000	122,000
Bank of Green City	Green City	Mo.	" 18	20,000	2,000	78,000
<u>District No. 9</u>						
Farmers & Merchants State Bank	Morgan	Minn.	Nov.16	50,000	37,000	711,000
*First National Bank	Stanford	Mont.	" 18	35,000	6,000	112,000
<u>District No. 10</u>						
First State Bank	Aurora	Kans.	Nov.14	20,000	6,000	75,000
*First National Bank	Tilden	Nebr.	" 14	50,000	33,000	251,000
Wisner State Bank	Wisner	"	" 16	25,000	38,000	426,000
Bank of Miller	Miller	"	" 18	25,000	6,000	131,000
St. Paul State Bank	St. Paul	Kans.	" 18	20,000	8,000	124,000
First State Bank	Beaver City	Nebr.	" 20	20,000	34,000	364,000
Farmers State Bank	Olustee	Okla.	" 20	25,000	10,000	398,000
<u>District No. 11</u>						
Sonora Bank & Trust Co.	Nogales	Ariz.	Nov.19	100,000	39,000	1,415,000
Kyle State Bank	Kyle	Tex.	" 19	30,000	3,000	53,000

Week ended November 20, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Date reopened
(Bankers' Directory July 1931)						

CLOSED BANKS REOPENED:

District No. 4

Brewster Banking Co.	Brewster	Ohio	10-22-31	25,000	20,000	11-16-31
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District No. 5

*Peoples Trust Co.	Martinsburg	W.Va.	10-16-31	250,000	152,000	11-14-31
Bank of Ocean City	Ocean City	Id.	10- 1-31	15,000	18,000	11-14-31
Bank of Ripley	Ripley	W.Va.	11- 4-31	50,000	10,000	11-16-31

District No. 7

State Bank of	Walkerton	Ind.	10-26-31	25,000	15,000	11-12-31
State Bank of Davis	Davis	Ill.	8-25-31	25,000	13,000	11-16-31
Lucerne State Bank	Lucerne	Ind.	10-31-31	25,000	15,000	11-20-31

District No. 9

*State Bank of Madelia	Madelia	Minn.	5- 5-31	50,000	18,000	11-16-31
First State Bank	Vida	Mont.	10-30-31	20,000	6,000	11-18-31
*First National Bank	Mondovi	Wis.	10- 3-31	50,000	57,000	11-19-31

District No. 8

Triplett Bank	Triplett	Mo.	10-13-31	15,000	5,000	11-16-31
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District No. 10

Union State Bank	Omaha	Nebr.	8-14-31	200,000	65,000	11-16-31
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District No. 11

*First National Bank in McAllen		Texas	10-23-31	60,000	20,000	11-12-31
(Restored to solvency and sold to a State bank).						

BANKS REPORTED CLOSED WEEK ENDED NOV. 27, 1931
 (For confidential use only - subject to correction)

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Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 2</u>						
Bank of Angola	Angola	N. Y.	Nov.27	50,000	53,000	806,000
<u>District No. 3</u>						
Mahantongo Valley Bank	Pillow	Pa.	Nov.23	25,000	51,000	304,000
<u>District No. 4</u>						
Bank of Westerville Co.	Westerville	Ohio	Nov.25	50,000	64,000	664,000
<u>District No. 5</u>						
Farmers & Merchants Bank	Marion	S. C.	Nov.23	100,000	67,000	633,000
*Westminster Bank	Westminster	"	" 27	50,000	7,000	354,000
<u>District No. 6</u>						
Escambia County Bank	Flomaton	Ala.	Nov.21	25,000	11,000	158,000
*First National Bank in	Gulfport	Miss.	" 27	400,000	100,000	3,615,000
<u>District No. 7</u>						
Commercial State Bank	Independence	Ia.	Nov.20	50,000	68,000	758,000
Woodbine Savings Bank	Woodbine	"	" 20	25,000	9,000	165,000
Thayer Savings Bank	Thayer	"	" 23	10,000	7,000	80,000
Fifth Avenue Trust & Savings Bank	Moline	Ill.	" 24	100,000	45,000	622,000
Farmers & Traders State Bank	Monon	Ind.	" 24	50,000	5,000	184,000
Corn Belt Savings Bank	Cedar Rapids	Ia.	" 24	100,000	30,000	940,000
Equitable Trust Co.	Chicago	Ill.	" 25	350,000	64,000	945,000
Eagle State Bank	Casey	"	" 25	25,000	10,000	121,000
Farmers State Bank	Burgess	"	" 27	25,000	30,000	80,000
Farmers Bank	Creston	"	" 27	30,000	13,000	175,000
Farmers State Bank	Brandon	Iowa	" 27	25,000	10,000	183,000
*Ithaca National Bank	Ithaca	Mich.	" 27	25,000	40,000	706,000
<u>District No. 8</u>						
*Farmers State Bank	Conway	Ark.	Nov.23	60,000	40,000	967,000
Bank of Greentop	Greentop	Mo.	" 23	20,000	- -	95,000
Corinth State Bank	Corinth	Miss.	" 25	50,000	7,000	400,000
<u>District No. 9</u>						
Peterson State Bank	Peterson	Minn.	Nov.21	25,000	3,000	120,000
Farmers State Bank	Henning	"	" 21	10,000	7,000	235,000
<u>District No. 10</u>						
Elba State Bank	Elba	Nebr.	Nov.20	10,000	9,000	201,000
Mason City Banking Co.	Mason City	"	" 20	25,000	3,000	132,000
Security State Bank	Ada	Okla.	" 23	50,000	13,000	479,000
Bank of Longdale	Longdale	"	" 24	10,000	1,000	38,000
Bank of Holbrook	Holbrook	Nebr.	" 24	25,000	8,000	280,000
Peoples Bank	Wauneta	"	" 27	50,000	1,000	200,000
City Bank	Elm Creek	"	" 27	20,000	5,000	114,000

Week ended November 27, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
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(Bankers' Directory July 1931)

District No. 11

First State Bank	Temple	Texas	Nov. 27	50,000	35,000	295,000
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District No. 12

*Twin Falls National Bank	Twin Falls	Idaho	Nov. 21	150,000	5,000	413,000
*First National Bank	Zillah	Wash.	" 23	25,000	28,000	366,000
State Bank of Peck	Peck	Idaho	" 23	10,000	2,000	31,000

CLOSED BANKS REOPENED:

District No. 4

United Bank of	Middlebourne	W.Va.	10-19-31	50,000	20,000	11-23-31
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District No. 5

Bank of Williston	Williston	S. C.	10-15-31	50,000	28,000	11-24-31
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District No. 10

Farmers State Bank	Wallace	Nebr.	10-17-31	25,000	7,000	11-17-31
State Bank of Huntley	Huntley	"	10-10-31	10,000	3,000	11- 5-31

District No. 11

*First National Bank	Mission	Texas	10-22-31	50,000	25,000	11-23-31
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District No. 12

*First National Bank	Ontario	Oreg.	9-12-31	50,000	51,000	11-24-31
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(turned back to directors and sold to Ontario National Bank)

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BANKS REPORTED CLOSED WEEK ENDED DEC. 4, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 2</u>						
*First National Bank & Trust Co.	Woodbridge	N. J.	Nov. 30	150,000	43,000	2,184,000
Saksler State Bank	New York	N. Y.	Dec. 4	100,000	100,000	1,210,000
<u>District No. 3</u>						
*Curwensville Nat. Bank	Curwensville	Pa.	Nov. 30	100,000	157,000	642,000
*Hopewell Nat. Bank	Hopewell	"	Dec. 2	25,000	30,000	269,000
<u>District No. 4</u>						
*Second National Bank	in Youngstown	Ohio	Nov. 30	200,000	31,000	1,820,000
*First National Bank	Glen Campbell	Pa.	Dec. 3	100,000	120,000	529,000
Waynesburg Deposit Bk.	Waynesburg	Ky.	" 4	15,000	4,000	99,000
Farmers State Bank	Hicksville	Ohio	" 4	25,000	3,000	200,000
<u>District No. 5</u>						
Bank of Blowing Rock	Blowing Rock	N. C.	Nov. 28	16,000	13,000	97,000
*First National Bank	Washington	"	" 30	100,000	96,000	710,000
Peoples-Enterprise Bk.	Laurens	S. C.	Dec. 1	100,000	47,000	506,000
Peoplos Bank	Moncks Corner	"	Nov. 28	25,000	3,000	265,000
Farmers Bank	Loris	"	Dec. 4	10,000	7,000	108,000
<u>District No. 6</u>						
Citizens Bank	Cairo	Ga.	Dec. 1	50,000	15,000	348,000
New Market Bkg. Co.	New Market	Ala.	Nov. 24	20,000	10,000	125,000
Bank of Gainesboro	Gainesboro	Tenn.	Dec. 2	50,000	45,000	405,000
<u>District No. 7</u>						
LaMoille State Bank	LaMoille	Ill.	Nov. 28	35,000	10,000	228,000
State Bank of Reading	Reading	Mich.	" 28	25,000	13,000	453,000
Exchange State Bank	Sand Lake	"	Dec. 1	25,000	2,000	142,000
*First National Bank	Bay City	"	" 3	400,000	481,000	5,486,000
Bay County Svgs. Bank	" "	"	" 3	400,000	345,000	6,754,000
<u>District No. 8</u>						
*Community Bank & Tr. Co.	Hot Springs	Ark.	Nov. 30	100,000	60,000	910,000
Citizens Bank	Norfolk	"	" 28	5,000	2,000	28,000
*First National Bank	Chaffee	Mo.	" 30	50,000	23,000	298,000
Far. Bank & Tr. Co.	Russellville	Ark.	Dec. 3	50,000	19,000	286,000
Dorcheat Bank	Taylor	"	" 2	10,000	3,000	30,000
Bank of Annapolis	Annapolis	Mo.	" 4	10,000	25,000	116,000
Cardwell Bank	Cardwell	"	" 4	50,000	13,000	150,000

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Week ended December 4, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 9</u>						
Vivian State Bank	Vivian	S.Dak.	Nov.30	10,000	14,000	62,000
Far. & Merch. Bank	Argyle	Minn.	" 30	25,000	10,000	195,000
First State Bank	Fergus Falls	"	Dec. 2	35,000	12,000	550,000
American State Bank	" "	"	" 3	50,000	20,000	612,000
Joliet State Bank	Joliet	Mont.	" 1	25,000	1,000	180,000
Farmers State Bank	Hoople	N.Dak.	" 1	25,000	- -	220,000
Farmers State Bank	Lesterville	S.Dak.	" 3	25,000	10,000	104,000
Union Bank of McVile	McVile	N.Dak.	" 4	25,000	- -	287,000
<u>District No. 10</u>						
Hoskins State Bank	Hoskins	Nebr.	Nov.30	25,000	13,000	354,000
*Norfolk National Bank	Norfolk	"	" 28	100,000	12,000	1,002,000
Norfolk Savings Bank	"	"	" 30	15,000	21,000	212,000
*First National Bank	Brighton	Colo.	Dec. 1	40,000	13,000	288,000
Bank of Syracuse	Syracuse	Nebr.	" 1	25,000	5,000	166,000
Hiattville State Bank	Hiattville	Kans.	" 2	10,000	2,000	79,000
Bank of Fulton	Fulton	"	" 4	25,000	10,000	200,000
<u>District No. 11</u>						
*Nogales National Bank	Nogales	Ariz.	Nov.30	50,000	61,000	823,000
*First National Bank	Laredo	Texas	" 30	250,000	55,000	1,287,000
<u>District No. 12</u>						
*Commercial Bank	Okanogan	Wash.	Nov.30	50,000	11,000	224,000
Grantsville Deseret Bk	Grantsville	Utah	Dec. 2	20,000	18,000	140,000
*Nephi National Bank	Nephi	"	" 1	50,000	- -	225,000
*First National Bank	Twin Falls	Idaho	" 4	100,000	33,000	1,335,000
<u>CLOSED BANKS REOPENED:</u>						
<u>Date</u>						
<u>opened</u>						
<u>District No. 8</u>						
Weakley County Bank	Dresden	Tenn.	10-13-31	40,000	16,000	12- 1-31
<u>District No. 9</u>						
Far. & Merch. State Bank	Roslyn	S.Dak.	9-29-31	15,000	6,000	12- 2-31
First State Bank	Pierpont	" "	10- 1-31	10,000	30,000	12- 2-31
<u>District No. 10</u>						
Roseland State Bank	Roseland	Nebr.	10- 8-31	25,000	4,000	10-19-31

BANKS REPORTED CLOSED WEEK ENDED DECEMBER 11, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
				(Bankers' Directory July 1931)		
<u>District No. 2</u>						
*First National Bank	Brushton	N. Y.	Dec. 5	25,000	49,000	783,000
Long Beach Trust Co.	Long Beach	"	" 5	375,000	310,000	1,284,000
*Painted Post Nat. Bank	Painted Post	"	" 7	25,000	32,000	461,000
Wilson State Bank	Wilson	"	" 9	25,000	13,000	337,000
State Bank of Ransomville	Ransomville	"	" 10	25,000	5,000	300,000
<u>District No. 4</u>						
Perrysville Bank	Perrysville	Ohio	Dec. 8	10,000	2,000	115,000
<u>District No. 5</u>						
Clayton Banking Co.	Clayton	N. C.	Nov. 9	75,000	29,000	203,000
<u>District No. 6</u>						
Canton Exchange Bank	Canton	Miss.	Nov. 27	110,000	94,000	1,097,000
Bank of Yazoo City	Yazoo City	"	Dec. 11	200,000	68,000	1,328,000
<u>District No. 7</u>						
Far. & Traders Svgs. Bank	Hillsboro	Iowa	Dec. 4	25,000	18,000	135,000
Ogle County State Bank	Oregon	Ill.	" 8	100,000	29,000	467,000
Farmers State Bank	Preemption	"	" 7	25,000	7,000	275,000
Farmers State Svgs. Bank	Fairbank	Iowa	" 7	26,000	30,000	471,000
Coopersville State Bank	Coopersville	Mich.	" 7	40,000	65,000	918,000
Immigrant State Bank	Chicago	Ill.	" 10	200,000	40,000	370,000
New Haven State Bank	New Haven	Ind.	" 11	50,000	22,000	395,000
State Bank of Oelwein	Oelwein	Iowa	" 11	50,000	23,000	540,000
*First National Bank	Dougherty	"	" 11	25,000	5,000	296,000
<u>District No. 8</u>						
*First National Bank	Christopher	Ill.	Dec. 5	60,000	44,000	1,030,000
*First National Bank	W. Frankfort	"	" 5	25,000	89,000	1,133,000
Citizens State Bank	Monette	Ark.	" 8	25,000	5,000	156,000
Scott County Bank	Morley	Mo.	" 7	15,000	6,000	55,000
Bank of Dunnegan	Dunnegan	"	" 9	10,000	11,000	57,000
*Bank of Jonesboro	Jonesboro	Ark.	" 11	200,000	133,000	1,014,000
Bank of Western Grove	Western Grove	"	" 11	10,000	11,000	52,000
West Frankfort State Bank	W. Frankfort	Ill.	" 10	25,000	35,000	457,000
<u>District No. 9</u>						
*National Bank of Aitkin	Aitkin	Minn.	Dec. 7	50,000	10,000	515,000
First State Bank	Hill City	"	" 10	20,000	5,000	94,000
<u>District No. 10</u>						
Phillips County State Bank	Holyoke	Colo.	Dec. 7	25,000	5,000	288,000
Security State Bank	Neligh	Nebr.	" 7	30,000	5,000	376,000
City Exchange Bank	Davis	Okla.	" 8	25,000	2,000	244,000
*First National Bank	Idaho Springs	Colo.	" 11	50,000	13,000	225,000
Merchants State Bank	Winside	Nebr.	" 10	25,000	20,000	336,000
Citizens State Bank	Vici	Okla.	" 10	10,000	5,000	102,000
Latimer State Bank	Latimer	Kans.	" 11	20,000	10,000	90,000

Week ended December 11, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 11</u>						
*First National Bank	Sweetwater	Texas	Dec. 10	100,000	39,000	845,000
*First State Bank	Coahoma	"	" 11	25,000	2,000	49,000
<u>District No. 12</u>						
Bank of Cottage Grove	Cottage Grove	Oreg.	Dec. 7	25,000	6,000	181,000
Citizens Bank	Tenino	Wash.	" 5	10,000	10,000	219,000
*First National Bank in	Aberdeen	"	" 9	150,000	70,000	1,695,000

CLOSED BANKS REOPENED:

						<u>Date open</u>
<u>District No. 5</u>						
Middletown Savings Bank	Middletown Md.		10- 6-31	25,000	152,000	12- 5-31
Terra Alta Bank	Terra Alta W.Va.		10-17-31	30,000	52,000	12- 5-31
<u>District No. 8</u>						
Maben Home Bank	Maben	Miss.	1-10-31	15,000	10,000	10-24-31
Bank of Slater	Slater	Mo.	10-26-31	50,000	75,000	12- 5-31
(reopened under name of State Bank of Slater)						
<u>District No. 10</u>						
Franklin County Bank	Hildreth	Nebr.	10-19-31	20,000	7,000	12- 7-31
Bank of Longdale	Longdale	Okla.	11-24-31	10,000	1,000	12- 8-31
<u>District No. 12</u>						
*Security National Bank	Fairfield	Ida.	10-24-31	25,000	8,000	12-10-31
<u>District No. 9</u>						
Menno State Bank	Menno	S.Dak.	10- 1-31	25,000	18,000	12- 4-31

BANKS REPORTED CLOSED WEEK ENDED DECEMBER 18, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 1</u>						
Guaranty Trust Co.	Berlin	N. H.	Dec.14	50,000	53,000	775,000
Brockton Trust Co.	Brockton	Mass.	" 15	100,000	128,000	1,384,000
*Inman Trust Co. (and branch office)	Cambridge	"	" 15	200,000	240,000	3,760,000
Lawrence Trust Co.	Lawrence	Mass.	Dec.15	200,000	651,000	9,700,000
Salem Trust Co.	Salem	"	" 15	200,000	56,000	2,160,000
Bancroft Trust Co. (and branch office)	Worcester	"	" 15	300,000	293,000	6,112,000
*Middlesex National Bank	Lowell	Mass.	Dec.15	200,000	54,000	4,670,000
*State National Bank in	Lynn	"	" 15	200,000	82,000	2,321,000
*Federal National Bank	Boston	"	" 15	1,910,000	820,000	28,959,000
*Gloucester National Bank	Gloucester	"	" 15	100,000	157,000	1,732,000
Hamden Bank & Trust Co.	Hamden	Conn.	" 17	200,000	143,000	1,924,000
Internat'l Tr. & Bkg. Co.	Calais	Maine	" 16	50,000	102,000	1,511,000#
*Boston-Continental Nat. Bk.	Boston	Mass.	" 17	1,000,000	182,000	6,366,000#
Lowell Trust Co.	Lowell	"	" 16	240,000	282,000	3,384,000#
Danielson Trust Co.	Danielson	Conn.	" 18	100,000	160,000	2,689,000#
Plymouth County Trust Co. (and branch office)	Brockton	Mass.	" 17	200,000	151,000	3,772,000#
Arlington Trust Co.	Lawrence	Mass.	Dec.17	200,000	342,000	6,990,000#
Windsor Locks Trust & Safe Deposit Co.	Windsor Locks	Conn.	Dec.18	50,000	171,000	1,187,000#

#These deposit figures furnished by Federal Reserve Agent).

District No. 2

*Community Trust Co.	Middleport	N. Y.	Dec.14	100,000	53,000	702,000
Bank of Spencerport	Spencerport	"	" 14	50,000	36,000	824,000
*Corinth National Bank	Corinth	"	" 15	35,000	106,000	1,671,000
Union Bank of Medina	Medina	"	" 15	100,000	53,000	702,000
State Bank of Commercet	Brockport	"	" 16	100,000	26,000	1,672,000
State Bank of Hilton	Hilton	"	" 16	50,000	32,000	905,000
*First National Bank	Gasport	"	" 17	25,000	5,000	274,000
*First National Bank	Middleport	"	" 17	25,000	29,000	580,000
*First National Bank	White House Sta., N.J.	"	" 17	30,000	82,000	627,000

District No. 3

Peoples Trust Co.	Annville	Pa.	Dec.15	125,000	61,000	432,000
State Bank of	Klingerstown	"	" 17	25,000	26,000	390,000

District No. 4

*Marion National Bank	Marion	Ohio	Dec.15	200,000	128,000	1,430,000
Citizens Savings Bank Co.	Pemberville	"	" 18	50,000	16,000	663,000
Peoples Exchange Bank	Columbus Grove	"	" 18	60,000	11,000	757,000

Week ended December 18, 1931

Member banks indicated by an asterisk (*)

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 5</u>						
*First National Bank	Mullins	S. C.	Dec.12	50,000	14,000	324,000
Bank of Mullins	"	"	" 12	25,000	5,000	190,000
Bank of Nichols	Nichols	"	" 12	25,000	10,000	170,000
*First National Bank	Warsaw	N. C.	" 15	50,000	2,000	68,000
*First National Bank	Burlington	"	" 16	100,000	129,000	1,806,000
*Commercial National Bank	Raleigh	"	" 17	600,000	90,000	4,850,000
Bank of Grover	Grover	"	" 18	10,000	- -	76,000
Bank of Wake	Wake Forest	"	" 18	20,000	15,000	217,000
<u>District No. 6</u>						
Sea Island Bank	Statesboro	Ga.	Dec.12	50,000	82,000	609,000
Opelousas St. Landry Bank & Trust Co.	Opelousas	La.	Dec.14	200,000	198,000	2,194,000
Farmers & Merchants Bank	Athens	Ala.	" 14	80,000	57,000	573,000
American Bank & Trust Co.	Cordele	Ga.	" 14	150,000	28,000	446,000
Richton Bank & Trust Co.	Richton	Miss.	Nov.30	30,000	1,000	239,000
Citizens Exchange Bank	State Line	"	" 14	10,000	2,000	44,000
Bank of Seminary	Seminary	"	" 13	10,000	5,000	127,000
Bank of Unadilla	Unadilla	Ga.	Dec.16	50,000	15,000	137,000
Bank of Acadia	Crowley	La.	" 16	50,000	114,000	829,000
*First National Bank	Kingston	Tenn.	" 18	25,000	8,000	100,000
Carthage Bank	Carthage	Miss.	" 4	25,000	13,000	314,000
<u>District No. 7</u>						
*Michigan State Bank	Eaton Rapids	Mich.	Dec.12	75,000	15,000	535,000
Amboy State Bank	Amboy	Ill.	" 12	50,000	6,000	290,000
Iowa State Bank	Hazleton	Iowa	" 12	25,000	13,000	175,000
Citizens State Bank	Prophetstown	Ill.	" 14	50,000	23,000	403,000
State Bank of New Boston	New Boston	"	" 14	30,000	31,000	235,000
State Bank of Sheldon	Sheldon	"	" 14	60,000	10,000	280,000
State Bank of Deep River	Deep River	Iowa	" 14	25,000	28,000	449,000
*First National Bank	Momence	Ill.	" 15	50,000	42,000	673,000
Byron State Bank	Byron	"	" 15	66,000	17,000	370,000
Camargo State Bank	Camargo	"	" 15	15,000	15,000	37,000
Parish State Bank	Momence	"	" 15	25,000	15,000	240,000
Aetna State Bank	Oelwein	Iowa	" 15	50,000	60,000	1,035,000
Peoples Savings Bank	Shellsburg	"	" 15	25,000	9,000	273,000
First Trust & Savings Bk.	Sioux City	"	" 15	100,000	25,000	962,000
Farmers State Bank	Poneto	Ind.	" 15	25,000	6,000	75,000
Dimondale State Bank	Dimondale	Mich.	" 15	20,000	15,000	161,000
Forest Park Tr. & Svgs.Bk.	Forest Park	Ill.	" 16	300,000	311,000	2,549,000
*National Bank of Seymour	Seymour	Iowa	" 16	25,000	5,000	190,000
University State Bank	Champaign	Ill.	" 16	50,000	17,000	554,000
State Bank of Donovan	Donovan	"	" 16	30,000	2,000	125,000
American Tr. & Svgs.Bank	Hammond	Ind.	" 16	100,000	105,000	600,000
Dundee Savings Bank	Dundee	Iowa	" 16	10,000	- -	63,000

Week ended December 18, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
<u>District No. 7 (continued):</u>						
Farmers State Bank	Danforth	Ill.	Dec.17	30,000	21,000	210,000
Proviso State Bank	Maywood	"	" 17	100,000	50,000	550,000
Farmers Savings Bank	Murray	Iowa	" 17	20,000	5,000	240,000
*Amer. Nat. Bank & Tr.Co.	Benton Harbor	Mich.	" 17	200,000	117,000	2,864,000
Benton Harbor State Bank	" "	"	" 17	100,000	115,000	1,716,000
Gratiot County State Bk.	St. Louis	"	" 17	25,000	8,000	278,000
Ashland State Bank	Chicago	Ill.	" 18	250,000	145,000	726,000
Maywood State Bank	Maywood	"	" 18	200,000	338,000	1,914,000
Melrose Park State Bank	Melrose Park	"	" 18	200,000	351,000	1,575,000
Park Ridge State Bank	Park Ridge	"	" 18	100,000	42,000	1,291,000
Exchange Bank	Aplington	Iowa	" 18	50,000	23,000	340,000
State Bank of	Random Lake	Wisc.	" 18	25,000	44,000	452,000
Monroe Center State Bank	Monroe Center	Ill.	" 18	50,000	35,000	444,000
Morrison State Bank	Morrison	"	" 18	25,000	31,000	462,000
Citizens State Bank	Watseka	"	" 18	50,000	24,000	608,000
Woodland State Bank	Woodland	"	" 18	15,000	9,000	159,000
State Bank of Coloma	Coloma	Mich.	" 18	40,000	65,000	918,000

District No. 8

Bank of Osceola	Osceola	Ark.	Dec.18	50,000	27,000	297,000
Citizens Bank	Hickory Ridge	"	" 12	10,000	1,000	50,000
Bank of Newburg	Newburg	Mo.	" 12	20,000	7,000	187,000
Lonoke County Bank	Lonoke	Ark.	" 14	30,000	31,000	391,000
Citizens Bank	Memphis	Mo.	" 16	50,000	35,000	375,000
Bank of Winslow	Winslow	Ark.	" 17	10,000	4,000	62,000
Far.& Merch.Bk. & Tr.Co.	Marked Tree	"	" 17	50,000	5,000	218,000

District No. 9

Wendell State Bank	Wendell	Minn.	Dec.12	12,000	3,000	105,000
Bank of Norwood	Norwood	"	" 14	30,000	20,000	507,000
*First National Bank	Starkweather	N.Dak.	" 15	25,000	5,000	83,000
Security State Bank	Warwick	" "	" 15	15,000	1,000	11,000

CORRECTION: In weekly report of Dec. 4, 1931, the Vivian State Bank, Vivian, S. Dak., was reported closed in error. This is not a closed bank.

District No. 10

*West Point National Bank	West Point	Nebr.	Dec.12	50,000	125,000	856,000
*Creighton National Bank	Creighton	"	" 12	25,000	25,000	170,000
Cassoday State Bank	Cassoday	Kans.	" 14	10,000	6,000	74,000
Bank of Ridgway	Ridgway	Colo.	" 14	15,000	10,000	94,000
Farmers State Bank	Bonner Springs	Kans.	" 14	25,000	14,000	130,000
Bank of Corning	Corning	Mo.	" 15	15,000	12,000	185,000
Liberty State Bank	Sidney	Nebr.	" 15	25,000	25,000	487,000
Farmers & Merch. Bank	Lindsay	"	" 15	25,000	3,000	245,000
Matfield Green State Bk	Matfield Green	Kans.	" 18	10,000	8,000	61,000
Citizens State Bank	Beaver Crossing	Nebr.	" 17	15,000	8,000	150,000

Week ended December 18, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus	Total
					& profits	deposits
(Bankers' Directory July 1931)						
<u>District No. 11</u>						
Citizens Bank	Bedias	Texas	Dec.14	15,000	- -	17,000
Citizens State Bank	Detroit	"	" 15	35,000	10,000	219,000
Channel State Bank	Houston	"	" 16	25,000	23,000	322,000
Cameron State Bank	Cameron	"	" 18	60,000	2,000	380,000

District No. 12

American Exchange Bank	Seattle	Wash.	Dec.12	300,000	33,000	1,754,000
*Fremont County Bank	Sugar City	Ida.	" 14	25,000	20,000	163,000
*First National Bank	Victorville	Calif.	" 18	25,000	29,000	360,000
*First National Bank (and branch at Freewater)	Milton	Oreg.	" 18	50,000	15,000	595,000
Marine Bank (and branch at Ocean Park)	Santa Monica	Calif.	" 18	116,000	46,000	970,000

REOPENED:Date openDistrict No. 4

State Savings Bank Co.	Maumee	Ohio	8-18-31	25,000	14,000	12-14-31
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District No. 6

Opelousas-St.Landry Bank & Trust Co.	Opelousas	La.	12-14-31	200,000	200,000	12-16-31
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District No. 8

*Peoples National Bank	St.Francisville,	Ill.	11-4-31	70,000	36,000	12-15-31
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District No. 9

*First-Kenmare Nat. Bank	Kenmare	N.Dak.	11-12-31	25,000	17,000	12-11-31
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District No. 10

Clay County State Bank	Edgar	Nebr.	10-22-31	25,000	8,000	12-15-31
State Bank of Edgar	"	"	10-22-31	25,000	2,000	12-15-31

District No. 11

*First National Bank (turned back to directors and sold to Del Rio Nat. Bank)	Del Rio	Texas	10-13-31	100,000	184,000	12-12-31
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BANKS REPORTED CLOSED WEEK ENDED DECEMBER 25, 1931
(For confidential use only - subject to correction)

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Surplus & profits		Total deposits
				Capital	(Bankers' Directory July 1931)	
<u>District No. 1</u>						
Charlestown Trust Co.	Charlestown	Mass.	Dec. 21	200,000	185,000	3,495,000
*Connecticut River Nat. Bk.	"	N. H.	" 19	25,000	14,000	402,000
Broadway Bk & Tr. Co.	New Haven	Conn.	" 23	400,000	261,000	2,948,000
Merchants Trust Co.	Waterbury	"	" 23	500,000	840,000	6,894,000
West Haven Bk & Tr. Co.	West Haven	"	" 24	100,000	76,000	2,766,000
#These deposit figures furnished by Federal Reserve Agent.						
<u>District No. 2</u>						
Fort Covington Bkg. Co. (Private bank)	Ft. Covington	N. Y.	Dec. 21	18,000	35,000	279,000
*Seacoast Trust Co.	Asbury Park	N. J.	" 22	625,000	307,000	4,880,000
*Citizens National Bank	Long Branch	"	" 23	150,000	157,000	2,390,000
New Jersey Trust Co.	"	"	" 23	150,000	80,000	1,292,000
Merchants Trust Co.	Red Bank	"	" 23	250,000	148,000	1,582,000
*First National Bank	Bradley Beach	"	" 24	50,000	61,000	742,000
Asbury Park & Ocean Grove Bank (with branch at: Ocean Grove)	Asbury Park	"	" 24	600,000	1,401,000	8,340,000
*Ocean Grove Nat. Bank	Ocean Grove	"	" 24	100,000	160,000	1,669,000
<u>District No. 3</u>						
Lansdowne Bk & Tr. Co.	Lansdowne	Pa.	Dec. 19	375,000	533,000	3,885,000
Drexel Hill Title & Trust Co.	Drexel Hill	"	" 19	125,000	93,000	942,000
Citizens Bank & Tr. Co.	E. Lansdowne	"	" 23	125,000	45,000	493,000
Cornwells State Bank	Cornwells Hts.	"	" 24	50,000	70,000	300,000
<u>District No. 4</u>						
Waldo Bank	Waldo	Ohio	Dec. 19	25,000	8,000	118,000
Standard Trust Bank	Cleveland	"	" 21	2,000,000	1,107,000	16,850,000
Gahanna Bank Co.	Gahanna	"	" 21	25,000	9,000	218,000
<u>District No. 5</u>						
Accomack Banking Co. (with branch at: Bloxom, Va.)	Parksley	Va.	Dec. 22	38,000	225,000	849,000
Bank of Coleraine	Coleraine	N. C.	" 23	38,000	20,000	312,000
Bank of Warren	Warrenton	"	" 24	50,000	34,000	335,000
*First National Bank	Louisburg	"	" 19	50,000	22,000	339,000
*Franklin Bank	Franklin	W. Va.	" 19	40,000	13,000	248,000
Planters Bk & Tr. Co.	Lumberton	N. C.	" 21	100,000	61,000	527,000
Citizens Bank	Spring Hope	"	" 21	40,000	11,000	123,000
Bank of Riner, Inc.	Riner	Va.	" 21	20,000	5,000	67,000

Week ended December 25, 1931.

83

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 7</u>						
Manteno State & Svgs. Bk	Manteno	Ill.	Dec. 22	25,000	27,000	196,000
Peoples State Bank	Crown Point	Ind.	" 22	60,000	47,000	875,000
*Albion State Bank	Albion	Mich.	" 22	50,000	28,000	618,000
Coggon State Bank	Coggon	Iowa	" 23	50,000	12,000	226,000
*Amer. State Svgs. Bank	Lansing	Mich.	" 22	750,000	488,000	9,672,000
Citizens State Svgs. Bk.	Otsego	"	" 23	25,000	8,000	385,000
*First National Bank	El Paso	Ill.	" 18	100,000	17,000	383,000
Farmers State Bank	Ashton	"	" 19	35,000	9,000	165,000
State Bank of Kempton	Kempton	"	" 19	30,000	7,000	250,000
Berlin State Bank	Marne	Mich.	" 19	20,000	9,000	188,000
Aledo State Bank	Aledo	Ill.	" 21	55,000	29,000	973,000
State Bank of Cameron	Cameron	"	" 21	50,000	46,000	133,000
Lombard State Bank	Lombard	"	" 21	70,000	25,000	865,000
Farmers State Bank	Lamont	Iowa	" 21	25,000	12,000	265,000
Citizens Savings Bank	Olin	"	" 21	30,000	5,000	208,000
Farmers Savings Bank	Williamson	"	" 21	12,000	15,000	135,000
Peoples State Bank	Michigantown	Ind.	" 23	25,000	36,000	190,000
Peoples State Bank	Winthrop	Iowa	" 23	50,000	15,000	162,000
Liberty Center State Bk	Liberty Center	Ind.	" 23	25,000	8,000	203,000
Citizens State Bank	Manteno	Ill.	" 22	25,000	70,000	310,000
<u>District No. 8</u>						
Bank of Ozan	Ozan	Ark.	Dec. 19	10,000	- -	80,000
Security Bank & Tr. Co.	Greenwood	Miss.	" 19	50,000	6,000	328,000
Newton County Bank	Jasper	Ark.	" 21	20,000	5,000	140,000
Bank of Oxford	Oxford	"	" 19	10,000	1,000	14,000
First State Bank	Dix	Ill.	" 21	15,000	4,000	117,000
Bank of Concordia	Concordia	Mo.	" 21	50,000	43,000	285,000
Exchange Bank	Breckenridge	"	" 19	21,000	6,000	126,000
Bank of Dover	Dover	Ark.	" 22	15,000	12,000	100,000
Mackey State Bank	Mackey	Ind.	" 22	25,000	3,000	85,000
Somerville State Bank	Somerville	"	" 22	25,000	5,000	80,000
Farmers Bank	Braymer	Mo.	" 22	25,000	5,000	83,000
*First National Bank	Mound City	Ill.	" 19	25,000	22,000	147,000
*First National Bank in	Mount Olive	"	" 23	50,000	20,000	578,000
*Bozeman Waters First National Bank	Poseyville	Ind.	" 23	50,000	10,000	558,000
Old State Bank	Oakland City	"	" 23	35,000	12,000	230,000
Owensville State Bank	Owensville	"	" 23	50,000	12,000	470,000
Boston Banking Co.	Lebanon Jct.	Ky.	" 23	15,000	4,000	50,000
Bank of Batesville	Batesville	Miss.	" 16	50,000	30,000	812,000
*Peoples Exchange Bank	Russellville	Ark.	" 24	100,000	110,000	508,000
Bank of Defiance	Defiance	Mo.	" 24	10,000	9,000	153,000
<u>District No. 9</u>						
Farmers State Bank	Wegdahl	Minn.	Dec. 18	20,000	11,000	243,000
Farwell State Bank	Farwell	"	" 18	10,000	1,000	199,000
Farmers State Bank	Denham	"	" 21	10,000	6,000	167,000
Security State Bank	Starbuck	"	" 23	10,000	6,000	223,000

Week ended December 25, 1931.

Member banks indicated by an asterisk (*).

Name of Bank	City	State	Date closed	Capital	Surplus & profits	Total deposits
(Bankers' Directory July 1931)						
<u>District No. 10</u>						
Farmers & Merch. Bank	Ceresco	Nebr.	Dec. 19	15,000	12,000	247,000
Farmers State Bank	Burdick	Kans.	" 21	35,000	10,000	90,000
Farmers & Merch. Bank	Elgin	Nebr.	" 21	35,000	15,000	204,000
Bank of Manitou	Manitou	Okla.	" 23	10,000	8,000	111,000
Farmers State Bank	Cortland	Nebr.	" 24	30,000	11,000	151,000

<u>District No. 12</u>						
*Hibernia Com'l & Svgs. Bk	Portland	Oreg.	Dec. 19	500,000	230,000	7,030,000
San Bernardino Valley Bk	San Bernardino	Cal.	" 21	175,000	27,000	1,532,000
(with branches at Needles and Barstow)						
Venice Savings Bank	Venice	Cal.	" 18	25,000	25,000	401,000
*First National Bank	"	"	" 18	50,000	8,000	398,000
*First National Bank	Kelso	Wash.	" 23	100,000	26,000	702,000
Roy State Bank	Roy	"	" 21	10,000	6,000	112,000
*First National Bank	Culver City	Cal.	" 24	100,000	35,000	992,000

CLOSED BANKS REOPENED:

Date opened

<u>District No. 5</u>						
Commercial Bank of Md.	Frederick	Md.	9-26-31	200,000	204,000	12-19-31
Branch at:	Jefferson	"	9-26-31			12-21-31
" "	Mount Airy	"	9-26-31			12-21-31
(The Adamstown branch will not reopen)						

<u>District No. 7</u>						
Saline Savings Bank	Saline	Mich.	10-26-31	25,000	40,000	12-15-31
Logansport Loan & Tr. Co.	Logansport	Ind.	9-24-31	150,000	139,000	12-19-31

<u>District No. 9</u>						
Olmsted County Bk & Tr. Co.	Rochester	Minn.	10-1-31	75,000	36,000	12-22-31

<u>District No. 10</u>						
Security State Bank	Broken Bow	Nebr.	11-10-31	35,000	13,000	12-23-31

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6921

July 9, 1931.

Dear Sir:

There is attached hereto, for your information, copy of a letter received from the Commissioner of the Public Debt, with statement attached, reporting on audits made by the Division of Public Debt Accounts and Audits of the stock of incomplete Federal reserve notes held at the Bureau of Engraving and Printing.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Enclosures.

TO ALL FEDERAL RESERVE AGENTS.

TREASURY DEPARTMENT

Office Of The Secretary

WASHINGTON
July 6, 1931

Mr. E. M. McClelland,
Assistant Secretary,
Federal Reserve Board,
Washington, D. C.

Sir:

In compliance with your request there is submitted herewith a recapitulation of Federal Reserve Notes (Faces), 12 subjects, audited in the Bureau of Engraving and Printing by the Division of Public Debt Accounts and Audit during the fiscal year 1931, and the balances of Uniform Backs and Faces of Federal Reserve notes charged in the control accounts of that division to the Bureau of Engraving and Printing as of June 30, 1931.

It will be noted that the several denominations of Federal Reserve notes were audited on various dates during the year. In preparing the statement the results of the various audits have been consolidated and reflect a total of 3,377,664-1/3 sheets of faces. Due to subsequent printing orders the stocks of faces on hand and in process June 30, 1931, as reflected in the control records of the Division of Public Debt Accounts and Audit, have increased considerably since the dates of the respective audits. With respect to the stock of backs on hand and in process June 30, 1931, the control records of the Division of Public Debt Accounts and Audit reflect a total of 5,488,208 sheets, which amount is sufficient to cover the required stock of backs for Federal Reserve notes.

Respectfully,

(Signed) William S. Broughton,
Commissioner of the Public Debt.

MRL

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6924

July 15, 1931.

Subject: Code word to cover telegraphic transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions
in Government securities between Federal reserve banks,
the code word "NOXBREEZE" has been designated to cover
a new issue of Treasury Bills, dated July 17, 1931,
and maturing October 15, 1931.

This word should be inserted in the Federal
reserve telegraph code book, following the supplemental
code word "NOXBLEND", on page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

X-6926

STATEMENT OF BUREAU OF ENGRAVING AND PRINTING

Federal Reserve Notes, Series 1928

June 12 to 29, 1931.

	<u>\$50</u>	<u>\$100</u>	<u>\$500</u>	<u>\$1000</u>	<u>Total Sheets</u>	<u>Amount</u>
Chicago	50,000	60,000	5,050	4,150	119,200	\$11,377.64

119,200 sheets, @ \$95.45 per M, \$11,377.64

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6927

July 16, 1931.

SUBJECT: Expense, Main Line, Leased Wire System,
June, 1931.

Dear Sir:

Enclosed herewith you will find two mimeographed statements, X-6927-a and X-6927-b, covering in detail operations of the main line, Leased Wire System, during the month of June, 1931.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to the Federal Reserve Board.

Very truly yours,

Deputy Fiscal Agent.

Enclosures.

TO GOVERNORS OF ALL F. R. BANKS EXCEPT CHICAGO.

REPORT SHOWING CLASSIFICATION AND NUMBER OF WORDS TRANSMITTED OVER MAIN LINE
OF THE FEDERAL RESERVE LEASED WIRE SYSTEM FOR THE MONTH OF JUNE, 1931.

From	Business reported by banks	Words sent by New York charge-able to other F. R. Banks (1)	Net Federal reserve bank business	Percent of total bank business (*)
Boston	28,349	3,601	31,950	3.51
New York	161,929	-	161,929	17.79
Philadelphia	31,632	2,028	33,660	3.70
Cleveland	80,013	3,071	83,084	9.13
Richmond	57,986	3,234	61,220	6.73
Atlanta	56,852	9,125	65,977	7.25
Chicago	103,359	4,349	107,708	11.83
St. Louis	65,843	3,168	69,011	7.58
Minneapolis	32,312	4,296	36,608	4.02
Kansas City	80,091	3,341	83,432	9.17
Dallas	61,867	13,641	75,508	8.30
San Francisco	95,547	4,520	100,067	10.99
Total	855,780	54,374	910,154	100.00
F. R. Board business			298,652	1,208,806
Treasury Department business Incoming and Outgoing				<u>176,927</u>
Total words transmitted over main lines.				1,385,733

(*) These percentages used in calculating the pro rata share of leased wire expense as shown on the accompanying statement (X-6927-b).

(1) Number of words sent by New York to other F. R. Banks for their sole benefit charged to banks indicated in accordance with action taken at Governors' Conference November 2 - 4, 1925.

REPORT OF EXPENSE MAIN LINE
FEDERAL RESERVE LEASED WIRE SYSTEM, JUNE, 1931.

Name of bank	Operators' salaries	Operators' overtime	Wire rental	Total expenses	Pro rata share of total expenses	Credits	Payable to Federal Reserve Board
Boston	\$260.00	\$ -	\$ -	\$260.00	\$716.65	\$260.00	\$456.65
New York	1,134.15	2.00	-	1,136.15	3,632.23	1,136.15	2,496.08
Philadelphia	225.00	-	-	225.00	755.44	225.00	530.44
Cleveland	306.66	-	-	306.66	1,864.09	306.66	1,557.43
Richmond	190.00	-	230.00 (&)	420.00	1,374.08	420.00	954.08
Atlanta	270.00	-	-	270.00	1,480.25	270.00	1,210.25
Chicago	3,672.94 (#)	6.00	-	3,678.94	2,415.36	3,678.94	1,263.58 (*)
St. Louis	195.00	1.00	-	196.00	1,547.63	196.00	1,351.63
Minneapolis	200.00	-	-	200.00	820.77	200.00	620.77
Kansas City	287.50	-	-	287.50	1,872.26	287.50	1,584.76
Dallas	251.00	.75	-	251.75	1,694.63	251.75	1,442.88
San Francisco	380.00	-	-	380.00	2,243.85	380.00	1,863.85
Federal Reserve Board	-	-	15,793.60	15,793.60	-	-	-
Total	\$7,372.25	\$9.75	\$16,023.60	\$23,405.60	\$20,417.24	\$7,612.00	\$14,068.82
				2,988.36(a)			1,263.58 (b)
				\$20,417.24			\$12,805.24

(&) Main line rental, Richmond-Washington.

(#) Includes salaries of Washington operators.

(*) Credit.

(a) Received \$2,988.36 from Treasury Department covering business for the month of June, 1931.

(b) Amount reimbursable to Chicago.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6928

July 17, 1931.

CONFIDENTIAL

SUBJECT: Counterfeit Checks on the Dominion of
Canada.

Dear Sir:

There is attached hereto, for the information of the Federal reserve banks and their member banks, copy of a memorandum on the above subject furnished the Federal Reserve Board by the Secret Service Division of the Treasury Department.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Enclosure.

TO GOVERNORS OF ALL F. R. BANKS.

X-6928-a

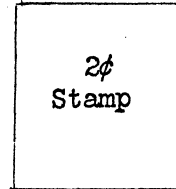
Royal Canadian Mounted Police authorities have notified this office of the appearance of counterfeit checks on The Dominion of Canada, one of which was cashed early this month in Trenton, New Jersey, in the amount of \$88, the payee being "D. B. Holmes". All Canadian government checks are at present drawn on the Bank of Montreal. The counterfeit checks are drawn on the Royal Bank of Canada. The form is fictitious, as are also the signatures, and, from the appearance, the only legal thing about the counterfeit is the two-cent excise stamp which it would not carry if the check were genuine.

The counterfeit check is drawn in the following form:

No. 213679

June 10th, 1931
Ottawa, Ontario

Pay Voucher
Dept. of Interior



THE DOMINION OF CANADA

Pay to - - - - - D. B. HOLMES - - - -or order \$88.00

The sum of - - - - - EIGHTY EIGHT - - - - - Dollars
(Plus Exchange)

To any Branch of the
ROYAL BANK OF CANADA.

(Signed) D. V. LANEY,
Superintendent

(Signed) G. S. Enright,
Auditor.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6929

July 21, 1931.

SUBJECT: Holidays during August, 1931.

Dear Sir:

On Saturday, August 1st, the Denver Branch of the Federal Reserve Bank of Kansas City will be closed in observance of Colorado Day, and will not participate in clearings of that day.

Gold Fund transit clearing credits of August 1st for Denver Branch should be included in your credits of August 3rd.

Please notify branches.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6930

July 21, 1931.

CONFIDENTIAL.

Dear Sir:

There is enclosed herewith copy of Circular Letter No. 652 and copy of a confidential letter addressed to Agents in Charge, issued by the Secret Service Division of the Treasury Department, with regard to a new Counterfeit \$5 Federal Reserve Note on the Federal Reserve Bank of New York. This is for the confidential information of the Federal reserve banks and member banks and in transmitting it to your member banks please caution them against giving the information any publicity whatsoever.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Enclosures.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS.

C O P Y

X-6930-a

TREASURY DEPARTMENT
Secret Service Division
Washington

CIRCULAR LETTER
No. 652

July 20, 1931.

NEW COUNTERFEIT.\$5 FEDERAL RESERVE NOTE

On the Federal Reserve Bank of New York, New York; 1928 A Series; check letter "H"; face plate No. 66; back plate number missing; W. O. Woods, Treasurer of the United States; A. W. Mellon, Secretary of the Treasury; portrait of Lincoln,

This counterfeit is printed on two sheets of paper from photo-mechanical plates of good workmanship, the general appearance of which is calculated to deceive the wary handler of currency.

The serial numbering and seal are executed in dull, olive green, the off-color tone being sufficient to excite suspicion. The back is printed in a dark green shade which is also off-color. The delicate detail work involved in the Treasury seal is not perfected in the counterfeit, the lettering and design being barely discernible.

This note is the handiwork of the counterfeiters responsible for the \$5 United States Note described in Circular No. 646. Specimens at hand bear serial numbers A41637092A and A70924163A.

In view of the deceptive quality of this counterfeit, extreme care should be exercised in handling notes of this denomination and variety.

W. H. MORAN,

Chief.

C O P Y

X-6930-b

TREASURY DEPARTMENT
Secret Service Division
Washington

CONFIDENTIAL

To Agents in Charge:

July 20, 1931.

Circular Letter No. 652, herewith enclosed, calls attention to an extremely dangerous counterfeit \$5 note on the Federal Reserve Bank of New York, which is the handiwork of the person or persons responsible for counterfeit \$5 United States Note (#646). The latter note, although equally deceptive, has not circulated actively. Although the #652 counterfeit has appeared with varying serial numbers, it has been ascertained that this note is also carrying serial number A41637092A which number also appeared on \$5 US note (#646). The new counterfeit shows that the maker is not familiar with the numbering system employed at the Bureau of Engraving and Printing, the serial numbers on the #652 note beginning with the letter A, which is the identifying letter of the Federal Reserve Bank of Boston. The letter B precodes the numbering on genuine notes on the Federal Reserve Bank of New York. This information is not included in the general descriptive circular for the reason that it is believed the counterfeiter may see newspaper notices concerning the new note and may change the numbering to coincide with the correct system. You are directed to notify the Federal Reserve Banks and branches of this discrepancy in the new counterfeit and urge the officials to consider this information in confidence. The portraiture in this counterfeit is extremely well executed.

W. H. MORAN,

Chief.

DIGEST OF FEDERAL AND STATE LAWS
RELATING TO CONSOLIDATION, MERGER, ETC.,
OF BANKS AND/OR TRUST COMPANIES.

The following is a digest of the laws of the United States and of the several States, as of July 1, 1931, having reference to the consolidation, merger, etc., of banks and/or trust companies, which was prepared in the office of the General Counsel to the Federal Reserve Board, with the assistance of Counsel to the Federal Reserve Banks, pursuant to a request of the Board's Committee on Branch, Group and Chain Banking. Except for provisions covering the conversion of one bank or trust company into another this digest includes every provision of the Federal and State laws under which any bank or trust company, or the assets and liabilities thereof, may be united with, or transferred to, any other bank or trust company, such as the provisions governing consolidations, mergers, purchases of assets, etc.

NATIONAL BANK ACT.Consolidation of two or more national banks.

The National Bank Act provides for the consolidation with the approval of the Comptroller of the Currency of any two or more national banks located in the same county, city, town or village under the charter of one of the banks. Such consolidation shall be on the terms and conditions agreed upon by a majority of the board of directors of each bank which must be ratified by the shareholders of each bank owning two-thirds of its capital stock at a meeting of the shareholders held after publication of notice in the newspapers for a period of four weeks and after sending notice to each shareholder by registered mail at least ten days prior to the meeting. The act makes provision for the payment to any dissenting shareholders of the appraised value of the stock held by such shareholders and for the disposal of any such shares at public auction. (Act of November 7, 1918; 40 Stat., 1043; U. S. Code, Annotated, Title 12, sec. 33.)

Legal effect - transfer of rights and assets by operation of law,

"All the rights, franchises, and interests of the said national bank so consolidated in and to every species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national bank into which it is consolidated without any deed or other transfer, and the said consolidated national bank shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by the national bank so consolidated therewith". (Act of

(National Bank Act - cont'd.)

November 7, 1918; 40 Stat., 1044; U. S. Code, Annotated, Title 12, sec. 34.)

Consolidation of State and national banks.

The National Bank Act also makes provision for the consolidation of any State bank or any bank incorporated in the District of Columbia, when not in contravention of the law of the State under which such bank is incorporated, with a national bank and under the charter of the National Bank. The procedure provided for effecting such consolidations is similar to the procedure provided for the consolidation of two or more national banks which is described above. A similar procedure is also provided for the satisfaction of dissenting shareholders. (Act of February 25, 1927; 44 Stat., 1225; U. S. Code, Annotated, Title 12, sec. 34a.)

Legal effect - transfer of assets and rights by operation of law.

"All the rights, franchises, and interests of such State or District bank so consolidated with a national banking association in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association into which it is consolidated without any deed or other transfer, and the said consolidated national banking association shall hold and enjoy the same and all rights of property, franchises, and interests, including the right of succession as trustee, executor, or in any other fiduciary capacity in the same manner and to the same extent as was held and enjoyed by such State or District bank so consolidated with such national banking association". (Act of February 25, 1927; 44 Stat.,

1225; U. S. Code, Annotated, Title 12, sec. 34a.)

ALABAMA.

Consolidation, merger or transfer of assets of banks and trust companies.

"Any bank or trust company doing a banking business may consolidate or merge with, or transfer its assets and liabilities to, another bank or trust company, * * *." (Civil Code of Alabama, sec. 6403; Banking Law Pamphlet, 1928, sec. 6403, page 41.)

Resolution of board of directors; consideration and approval of by stockholders and superintendent of banks; effect of approval.

In order to effect such consolidation, merger or transfer of assets, the Board of directors of each bank or trust company affected must pass a resolution stating that such consolidation, merger or transfer is desirable and call a meeting of the shareholders of each institution by giving at least thirty days' written notice to each shareholder of the date, place and purpose of the meeting. A copy of the resolution must also be furnished to the Superintendent of Banks and he must investigate the advisability of such consolidation, merger or transfer. On the day of the meeting of the shareholders, a resolution may be prepared setting forth the desirability and terms of the consolidation, merger, or transfer and if a majority of the shareholders of each institution approve the resolution and the superintendent of banks approves all of the proceedings, such resolution shall have the force and effect of consolidating or merging the institutions affected. (Civil Code of Alabama, section 6404; Banking Law Pamphlet, 1928, sec. 6404, page 41.)

Submission of certificate of proceedings to Superintendent of Banks for approval.

A certified copy of the minutes of the board of directors passing

-4-

(Alabama - cont'd.)

the resolution for consolidation, merger or transfer of assets and a certified copy of the minutes of the stockholders' meetings must be made under corporate seal and acknowledged by the president and cashier of each institution, and forwarded to the Superintendent of Banks for his certificate of approval. (Civil Code of Alabama, sec. 6405; Banking Law Pamphlet, 1928, sec. 6405, p. 42.)

Certificate of approval by Superintendent of banks; filing of.

If the superintendent of banks approves the entire proceedings, he must issue his written certificate of approval in duplicate, one to be filed in his office and the other to be forwarded to the probate judge of the county for record. (Civil Code of Alabama, sec. 6406; Banking Law Pamphlet, 1928, sec. 6406, p. 42.)

Examination of institutions by superintendent of banks.

Before approving proceedings to consolidate, the superintendent of banks must make an examination of each institution to determine whether the interests of the depositors, creditors and stockholders of each are protected and that such consolidation or transfer is made for legitimate purposes. His approval or disapproval in the premises must be on the basis of such examination and no "consolidation or transfer" can be made without his written consent. (Civil Code of Alabama, section 6407; Banking Law Pamphlet, 1928, section 6407, page 42.)

Appeal from adverse decision of superintendent of banks.

In case the superintendent refuses to give his consent, an appeal may be taken "to the circuit court of the county where such institution is located, said court considering the same in equity." (Civil Code of Alabama,

section 6408; Banking Law Pamphlet, 1928, sec. 6408, page 42.)

ARIZONA.

No provisions applicable to consolidations, mergers, etc.

The laws of Arizona do not contain any provisions specifically providing for the consolidation, merger, transfer of assets, etc., of banks or trust companies.

ARKANSAS.

Definition of the term "bank".

The word "bank" as used in the laws of Arkansas applies to any incorporated bank, trust company or savings bank. (Acts of 1923, Act 627, sec. 17; Crawford and Moses Digest, 1927 Supplement, sec. 674; Banking Law Pamphlet, 1929, p. 14.)

Consolidation of banks.

Any bank may purchase the assets of, or consolidate with, another bank by filing with the commissioner of banks, as an amendment to its articles of agreement, two copies of a resolution to the effect desired, adopted upon two-thirds vote of the stockholders of the respective banks affected, both such copies to be verified by the president and cashier or secretary, one to be retained by the commissioner and the other, upon his approval, to be filed for record with the clerk of the county in which the bank is located. The purchase or consolidation becomes effective only when such resolution is approved by the bank commissioner and so filed with the county clerk. It is further provided that upon the purchase of the assets of another bank, or the consolidation of two or more banks, all or any part of the assets may be accepted in lieu of cash at their actual value.

(Acts of, 1923, Act 627, sec. 4; Crawford and Moses Digest, 1927 Supplement, sec. 674; Banking Law Pamphlet, 1929, p. 10.)

CALIFORNIA.

Definition of word "bank".

The term "bank" as used in the following provisions of the so-called California Bank Act includes commercial banks, savings banks and trust companies. (Cal. Bank Act, sec. 1.)

Consolidation of banks.

Any state bank may consolidate with one or more state banks "its capital stock, properties, trusts, claims, demands, contracts, agreements, obligations, debts, liabilities and assets of every kind and description, * * *." (Cal. Bank Act, sec. 31a.)

Directors' agreement for consolidation; subject to approval of superintendent of banks.

The consolidation may be upon such terms and in such manner as may be agreed upon by the board of directors of the banks involved. An original copy of such agreement must be filed in the office of the superintendent of banks and it does not become valid until it is approved by him. (Cal. Bank Act, 1929, sec. 31a.)

Submission of consolidation agreement to stockholders.

No consolidation can take effect until the agreement has been "ratified and confirmed" by the stockholders of each of the constituent banks, either in writing by two-thirds of the respective stockholders, or by the vote of two-thirds of such stockholders at a special meeting called after two weeks' notice has been given to each stockholder specifying the time, place and object of the meeting and after such notice has been

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(California - cont'd.)

published for two successive weeks in a certain designated newspaper.

(Cal. Bank Act, 1929, sec. 31a.)

Agreement for consolidation filed with superintendent of banks must be accompanied with certain papers.

There must be attached to the agreement which is filed with the superintendent of banks, either a memorandum of the ratification and confirmation of the agreement, signed and acknowledged by two-thirds of the stockholders of each bank, or a certificate of the secretary of the bank, under corporate seal and acknowledged by him, certifying that the agreement has been ratified and confirmed as provided above. (Cal. Bank Act, 1929, sec. 31a.)

Articles of incorporation and consolidation, contents of.

Articles of incorporation and consolidation must be prepared which must set forth:

- "First - The name of the new corporation;
- Second - The purpose for which it is formed;
- Third - The place where its principal business is to be transacted;
- Fourth - The term for which it is to exist, which shall not exceed fifty years;
- Fifth - The number of its directors (which shall not be less than three) and the names and residences of the persons appointed to act as such until their successors are elected and qualified;
- Sixth - The amount of its capital stock and the number of shares into which it is divided;
- Seventh - The amount of stock actually subscribed, and by whom;
- Eighth - The names of the constituent corporations."

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The articles of incorporation and consolidation must be signed and countersigned by the president and secretary of each bank and sealed with the corporate seal; and the approval of the superintendent of banks must be attached thereto. (Cal. Bank Act, 1929, sec. 31a.)

Filing of articles of incorporation and consolidation.

The articles of incorporation and consolidation must then be filed with the secretary of state, and a copy of such articles, certified by the secretary of state, must be filed in his office, in the office of the county clerk of the county in which is located the principal place of business of the new corporation and each of its constituents and in the office of the superintendent of banks. The secretary of state must issue over the seal of the state a certificate that the articles have been filed in his office. (Cal. Bank Act, 1929, sec. 31a.)

Certificate of authorization to consolidated bank; issuance and filing of.

Provision is made for the issuance of a certificate of authorization to the consolidated bank by the superintendent of banks; and the superintendent must transmit to the secretary of state a duplicate of such certificate which he must file in his office. The superintendent must also file a duplicate of such certificate in his own office. (Cal. Bank Act, 1929, secs. 31a and 128.)

Certificate of superintendent of banks showing approval and consummation of consolidation.

Whenever two or more banks "authorized and qualified to conduct the business of acting as executor, administrator, guardian of estates, assignee, receiver, depository or trustee" are consolidated into a bank

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(California - cont'd.)

"likewise authorized and qualified", the superintendent of banks upon request, must issue a written certificate under his official seal and acknowledged by him, that the consolidation agreement has been filed in his office, that the consolidation has been approved by him and that it has been completed and consummated. He must attach to the certificate a true copy of the consolidation agreement which is on file in his office. Such certificate is prima facie evidence of the regularity of the proceedings and the fact of such consolidation. (Cal. Bank Act, 1929, sec. 31c.)

Recordation of certificate of superintendent; effect of.

"The recordation of such certificate in the office of the recorder of any county shall be, to all persons, in such county, constructive notice that all of the rights, benefits, privileges, duties and obligations of whatsoever kind or nature, held or possessed by or imposed upon the bank * * * that has expired by such consolidation * * *, are retained by and imposed upon the successor bank." (Cal. Bank Act, 1929, sec. 31c.)

Legal effect of consolidation.

When the superintendent of banks authorizes the consolidated corporation to commence business as provided by law "the new or consolidated corporation shall be a body politic and corporate by the name stated in the certificate, and for the term of fifty years, unless it is, in the articles of incorporation and consolidation, otherwise stated and thereupon each constituent corporation named in the articles of incorporation and consolidation must be deemed and held to have become extinct in all courts and places, and said new corporation must be deemed and held in all courts and places

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(California - cont'd.)

to have succeeded to all their several capital stocks, properties, trusts, claims, demands, contracts, agreements, assets, choses and rights in action of every kind and description, both at law and in equity, and to be entitled to possess, enjoy, and enforce the same and every thereof, as fully and completely as either and every of its constituents might have done had no consolidation taken place. Said consolidated or new corporation must also, in all courts and places, be deemed and held to have become subrogated to its several constituents and each thereof, in respect to all their contracts and agreements with other parties, and all their debts, obligations, and liabilities, of every kind and nature, to any persons, corporations, or bodies politic, whomsoever, or whatsoever, and said new corporation must sue and be sued in its own name in any and every case in which any or either of its constituents might have sued or might have been sued at law or in equity had no such consolidation been made. Nothing in this section contained shall be construed to impair the obligation of any contract to which any of such constituents were parties at the date of such consolidation. All such contracts may be enforced by action or suit, as the case may be, against the consolidated corporation, and satisfaction obtained out of the property which, at the date of the consolidation, belonged to the constituent which was a party to the contract in action or suit, as well as out of any other property belonging to the consolidated corporation, and the stockholders of each constituent corporation so entering into such agreement shall continue subject to all the liabilities, claims and demands existing against them at or before such consolidation to the same extent as if the same had not

(California - cont'd.)

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been made. The right of said new corporation to increase or decrease its capital stock, to change the number of its directors, to amend its articles of incorporation, to change its principal place of business, or its name, or to effect any other organic change shall be governed by the general corporation laws of this state and by the bank act, and the procedure to effect any such change shall be that defined by the general corporation laws and the bank act." (Cal. Bank Act, 1929, sec. 31a.)

Merger of banks.

Any two or more banks empowered by their articles of incorporation and authorized by the so-called Bank Act "to do the business of a commercial bank and savings bank and trust company, or any one or more or all of them, are hereby authorized to merge one or more of such banks into another of them," in accordance with the following requirements. (Cal. Bank Act, sec. 31b.)

Agreement of directors to merge; contents of.

The board of directors of each bank involved, may by a majority of the membership of each board at a meeting duly called and held, make or authorize to be made a duplicate written agreement for the merger of the banks. The agreement must specify the receiving bank and each bank to be merged, "and it shall prescribe the terms and conditions of the merger and the mode of carrying it into effect." The agreement may also provide for any matters to effect and accomplish the merger, not inconsistent with the bank act or other laws of California. (Cal. Bank Act, 1929, sec. 31b.)

Submission of merger agreement to superintendent of banks; approval of necessary.

The merger agreement and sworn copies of the proceedings of the

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(California - cont'd.)

boards of directors authorizing the making of the agreement must be submitted to the superintendent of banks in duplicate for his approval "and shall not be valid until such approval is obtained." (Cal. Bank Act, sec. 31b.)

Merger agreement to be approved by stockholders.

The merger does not take effect until the agreement has been "ratified and confirmed" in writing by two-thirds of the stockholders of each bank, or approved by two-thirds of such stockholders at a regular or special meeting. When so adopted, the agreement "shall thereupon become binding upon such banks." (Cal. Bank Act, 1929, sec. 31b.)

Filing of approved merger agreement.

One original duplicate of the adopted agreement with a copy of the written approval of the superintendent of banks and a sworn copy of the proceedings of the meetings at which such agreement was finally approved, made by the respective secretaries, must be filed with the superintendent of banks, and the other original duplicate must be filed in the office of the clerk of the county where the principal place of business of the receiving corporation is located. (Cal. Bank Act, 1929, sec. 31 b.)

When merger takes effect.

Upon filing the duplicates of the agreement as above described, the agreement "shall take effect according to all of its terms and the merger shall thereupon take place as provided in the agreement without further or other act, transfer or substitution," and the merged corporations must surrender their licenses to do a banking business for cancellation to the superintendent of banks. (Cal. Bank Act, 1929, sec. 31b.)

(California - cont'd.)

Issuance of new stock for old; dissenting stockholders, rights of.

Provision is made for the issuance of new shares of stock to stockholders in lieu of the stock held by them in the merging corporations and for the appraisal and payment of the value of the stock held by any stockholder who votes against the merger or dissents thereto in writing after the merger agreement has been adopted by the stockholders.

(Cal. Bank Act, 1929, sec. 31b.)

Certificate of superintendent of banks showing approval and consummation of merger.

Whenever two or more banks "authorized and qualified to conduct the business of acting as executor, administrator, guardian of estates, assignee, receiver, depository or trustee" are merged into a bank "likewise authorized and qualified", the superintendent of banks upon request, must issue a written certificate under his official seal and acknowledged by him, that the merger agreement has been filed in his office, that the merger has been approved by him and that it has been completed and consummated. He must attach to the certificate a true copy of the merger agreement which is on file in his office. Such certificate is prima facie evidence of the regularity of the proceedings and the fact of such merger.

(Cal. Bank Act, 1929, sec. 31c.)

Recordation of certificate of superintendent; effect of.

"The recordation of such certificate in the office of the recorder of any county shall be, to all persons, in such county, constructive notice that all of the rights, benefits, privileges, duties and obligations of whatsoever kind or nature, held or possessed by or imposed upon the bank * * * that has expired * * * by such merger, are retained by and imposed upon the

(California - cont'd.)

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successor bank." (Cal. Bank Act, 1929, sec. 31c.)

Legal effect of merger.

"Upon the merger of any corporation or corporations into another, as provided in this section:

(a) "Its corporate existence shall be merged into that of such other corporation, and all and singular its rights, privileges and franchises, and its right, title and interest in and to all property, real, personal or mixed, and choses in action, and every right, privilege, interest or asset, of conceivable value or benefit then existing or which would thereafter inure to it under an unmerged existence shall be deemed fully and finally, and without any right of reversion, interruption, impairment or limitation of title, right or privilege, transferred to and vested in the corporation into which it shall have been merged, without further act or deed, and such last mentioned corporation shall have, hold, possess, enjoy and enforce the same in its own right, as fully as the same was possessed, enjoyed and held by the merged corporation from which it was, by operation of the provisions of this section, transferred.

(b) "Its rights, obligations, properties, assets, investments, deposits, demands, contracts, agreements, court and private trusts, as defined in the bank act, and other relations to any person, creditor, depositor, trustee, principal or beneficiary of any court or private trust, shall remain unimpaired and without change or alteration in any respect, and the corporation into which it shall have been merged shall, by such merger, ipso facto and by operation of law, without further transfer, substitution, act or deed, and in all courts and places be deemed and held to have, and shall become subrogated and shall succeed, to all such rights, obligations,

(California - cont'd.)

properties, assets, investments, deposits, demands, contracts, agreements, court and private trusts and other relations to any person, creditor, depositor, trustee, principal or beneficiary of any court or private trust, obligations and liabilities, of every kind or nature, and shall execute and perform all such court and private trusts in the same manner as though it had itself originally assumed the relation or trust or incurred the obligation or liability; the corporation into which it shall have been merged shall succeed to and be entitled to take and execute and receive the appointment to all executorships, trusteeships, guardianships and other fiduciary capacities in which the merged corporation may be then or thereafter named in wills theretofore or thereafter probated, or in any other instruments; and the liabilities and obligations of such merged corporation to the depositors, beneficiaries, principals and other creditors existing for any cause whatever shall not be impaired by such merger; nor shall any obligation or liability of any stockholder in any corporation which is a party to such merger be affected by any such merger, but such obligations and liabilities shall continue as fully and to the same extent as existed before such merger.

(c) "Any action pending or other judicial proceedings to which any corporation that shall so be merged is a party, shall not be deemed to have abated or to have discontinued by reason of the merger, but may be prosecuted to final judgment, order or other decree in the name of the merged corporation, in the same manner as if the merger had not been made, or such merging corporation may be substituted as a party to such action

(California - cont'd)

or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against such merged corporation, if the merger had not occurred." (Cal. Bank Act, 1929, sec. 31b.)

Legal effect of consolidation or mergers on trusts held by the constituent banks.

"Whenever a national banking association authorized and qualified to conduct in this state the business of acting as executor, administrator, guardian of estates, assignee, receiver, depository or trustee under court and private trusts, has been heretofore or is created by the conversion of a state bank likewise authorized and qualified; or whenever one or more state banks or one or more national banking associations so authorized and qualified has been heretofore or is hereafter consolidated with or merged into one or more other national banking associations or into one or more state banks, likewise authorized and qualified, such state bank or national banking association into which such state bank has been or is converted or into or with which such bank or banks has been or are merged or consolidated shall by such conversion, merger or consolidation ipso facto and by operation of law, without further transfer, substitution, act or deed and in all courts and places, be deemed and held to have, and shall become subrogated and shall succeed to, all rights, obligations, properties, assets, investments, deposits, demands, contracts, agreements, court and private trusts, and other relations to any person, creditor, depositor, trustor, principal or beneficiary of any court or private trust, and obligations and liabilities of every kind or nature which such prede-

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(California - cont'd.)

cessor bank or banks so converted or merged or consolidated into or with such state bank or national banking association shall have held or enjoyed or been subject to, and shall execute and perform all such court and private trusts in the same manner as though it had itself originally assumed the relation or trust or incurred the obligation or liability. Such state bank or national banking association shall succeed to and be entitled to take and execute and receive the appointment to all executorships, trusteeships, guardianships and other fiduciary capacities in which the bank or banks so converted or merged into or consolidated with such state bank or national banking association may be then or thereafter named, in wills theretofore or thereafter probated, or in any other instruments. When such conversion, consolidation or merger is completed, there may be executed by the president and secretary or cashier of such state bank or national banking association" a certificate certifying that the business formerly conducted by the constituent corporation or corporations has been acquired and is being conducted by the resulting corporation. (Cal. Bank Act, 1929, sec. 31d.)

Recordation of certificate of bank; effect of.

"The recordation of such certificate in the office of the recorder of any county shall be, to all persons, in such county, constructive notice that all the rights, benefits, privileges, duties and obligations of whatsoever kind or nature held or possessed by or imposed upon the bank so converted or consolidated or merged are retained by and imposed upon the successor bank." Such certificate is prima facie evidence of the regularity of the proceedings and the fact of such consolidation or merger.

(California - cont'd.)

(Cal. Bank Act, 1929, sec. 31d.)

Sale of business.

Any bank may sell the whole of its business or the business of any of its departments or branches to any other bank. (Cal. Bank Act, 1929, sec. 31.)

Consent of stockholders necessary to effect sale.

The consent of two-thirds of the stockholders of each of the banks involved is necessary to effect such a sale; and the consent may be either in writing and acknowledged by such stockholders and attached to the instrument of sale, or to a copy thereof, or by vote of such stockholders at a special meeting. (Cal. Bank Act, 1929, sec. 31.)

Agreement for sale and purchase; contents of.

The selling and purchasing banks must enter into an agreement of sale and purchase which must contain all the terms and conditions connected with the transaction. The agreement must contain proper provision for the payment of liabilities of the selling bank and the assumption by the purchasing bank of all fiduciary and trust obligations of the selling bank, and in these particulars, is subject to the approval of the superintendent of banks and does not become valid until such approval is obtained. The agreement may contain provisions for the transfer of all deposits to the purchasing bank, subject to the right of every depositor of the selling bank to withdraw his deposit in full on demand after such transfer, regardless of the terms under which it was deposited. The agreement may also contain provisions for the transfer of all court and private trusts to the purchasing banks, subject to the rights of trustees and beneficiaries after such

(California - cont'd.)

transfer to nominate another and succeeding trustee of the trusts so transferred. (Cal. Bank Act, 1929, sec. 31.)

Filing of agreement for purchase and sale.

The agreement or a duplicate original thereof must be filed in the office of the superintendent of banks immediately after its execution by the banks involved and its approval by the superintendent. (Cal. Bank Act, 1929, sec. 31.)

Publication of notice of agreement for purchase and sale.

Notice of the agreement must be published for four successive weeks in a newspaper in each of the counties in which either of the banks has its principal place of business. An affidavit showing such publication must be filed with the superintendent within ten days after the last publication. (Cal. Bank Act, 1929, sec. 31.)

Obligations and liabilities of selling bank not impaired by sale; liability of stockholders of respective banks.

No obligation or liability of the selling bank or its stockholders and no rights, obligations and relations of any parties, creditors, depositors, trustors and beneficiaries are impaired by any sale, but the purchasing bank succeeds to all such relations, obligations, trusts and liabilities and is liable to pay and discharge all debts and liabilities and to perform all trusts of the selling bank. The stockholders of the respective corporations also continue subject to all the liabilities, claims and demands existing against them as such at or before the sale. (Cal. Bank Act, 1929, sec. 31.)

The affairs of the selling bank shall remain subject to the provisions of the so-called Bank Act. (Cal. Bank Act, 1929, sec. 31.)

(California - continued.)

Actions on account of transferred deposits, obligations, etc.; when es-
topped to bring.

No action can be brought against the selling bank or any of its stockholders on account of any deposit, obligations, trust or liabilities, which have been transferred to the purchasing bank, after the expiration of one year from the last day of the publication above referred to. (Cal. Bank Act, 1929, sec. 31.)

Maintenance of capital and surplus by selling bank.

The selling bank must maintain for a period of one year after the last day of the publication above described such an amount of capital or capital and surplus as the superintendent of banks may deem necessary. (Cal. Bank Act, 1929, sec. 31.)

Certificate of superintendent of banks showing approval and consummation
of sale of business.

Whenever there has been completed the sale of the business of any bank "authorized and qualified to conduct the business of acting as executor, administrator, guardian of estates, assignee, receiver, depository or trustee, to another bank, likewise authorized and qualified", the superintendent of banks upon request, must issue a written certificate under his official seal and acknowledged by him, that the agreement of sale and purchase has been filed in his office, that the sale and purchase has been approved by him and that it has been completed and consummated. He must attach to the certificate a true copy of the sale and purchase agreement which is on file in his office. Such certificate is prima facie evidence of the regularity of the proceedings and the fact of such sale

(California - cont'd.)

and purchase. (Cal. Bank Act, 1929, sec. 31c.)

Recordation of certificate of superintendent, effect of.

"The recordation of such certificate in the office of the recorder of any county shall be, to all persons, in such county, constructive notice that all of the rights, benefits, privileges, duties and obligations of whatsoever kind or nature, held or possessed by or imposed upon the bank so selling its business and assets * * * are retained by and imposed upon the successor bank." (Cal. Bank Act, 1929, sec. 31c.)

Legal effect on trusts held by selling bank.

"Upon the approval by the superintendent of banks of an agreement of sale and purchase and the transfer of the business of a trust department or of a bank having a trust department the purchasing bank shall, ipso facto and by operation of law and without further transfer, substitution, act or deed, and in all courts and places, be deemed and held to have succeeded and shall become subrogated and shall succeed to all rights, obligations, properties, assets, investments, deposits, demands, contracts, agreements, court and private trusts and other relations to any person, creditor, depositor, trustor, principal or beneficiary of any court or private trust, obligations and liabilities of every nature, and shall execute and perform all such court and private trusts in the same manner as though it had itself originally assumed the relation or trust or incurred the obligation or liability." (Cal. Bank Act, 1929, sec. 31.)

COLORADO

Consolidation of banks and/or trust companies.

Any state bank or trust company, or any national bank, "may be

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consolidated with any state bank or trust company, or with any national banking association, under the charter of such state bank or trust company, or under the charter of such national banking association, or under a new charter issued to such consolidated state bank or trust company or to such consolidated national banking association, upon such terms and conditions as may be lawfully agreed upon; * * * " (Laws of 1931, ch. 54, sec. 1, p. 161.)

Consent of State Bank Commissioner or Comptroller of Currency necessary.

No state bank or trust company can consolidate with another state bank or trust company "without the written consent of the State Bank Commissioner; and no state bank or trust company shall consolidate with a national banking association, nor shall any national banking association consolidate with any state bank or trust company, without the written approval of the State Bank Commissioner and the Comptroller of the Currency; and no national banking association shall consolidate with any other national banking association without the consent of the Comptroller of the Currency." (Laws of 1931, ch. 54, sec. 1, p. 161.)

Consolidations involving national banks to comply with laws of United States and regulations of Federal Reserve Board.

The consolidation of a state bank or trust company with a national bank must comply with the "Federal banking laws and the rules and regulations of the Federal Reserve Board" and no consolidation of any kind "shall be in contravention of the laws of the United States or of the laws of the State of Colorado." (Laws of 1931, ch. 54, sec. 1, p. 161.)

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Legal effect of consolidation

"At any time when such consolidation becomes effective all the property of the merging or consolidating banks, trust companies, or associations, including all right, title, and interest in and to all property of whatever kind of the institutions forming such consolidated bank, trust company, or association, whether real, personal or mixed, and things in action, and every right, privilege, interest, and asset of any conceivable nature, or benefit then existing, belonging or pertaining to the banks, trust companies, or associations forming such consolidated bank, trust company, or association, shall immediately, by proper order of the court, act of law and without any conveyance, transfer, and without any further act or deed, be vested in and become the property of such consolidated bank, trust company or association, which consolidated bank, trust company, or association shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the institutions, or any of the institutions, forming such consolidated bank, trust company, or association."

"Such consolidated state bank or trust company, or such consolidated national bank or association, shall be deemed to be a consolidation of the entity and of the identity of the institutions forming such consolidated bank, trust company, or association, and all the rights, obligations, and relations of the banks, trust companies or associations forming such consolidated bank, trust company or association, to or in respect to any person, estate, creditor, depositor, trustee, or beneficiary of any trust, and in or in respect to any executorship or trusteeship or

(Colorado - cont'd.)

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other trust or fiduciary function, and in or with respect to any appointment or designation as executor, trustee or other fiduciary, shall remain unimpaired, and the consolidated bank, trust company, or association, as of the time of taking effect of such change or consolidation, shall succeed to all the rights, obligations, designations, appointments, relations and trusts, and the duties and liabilities connected therewith, and shall execute and perform each and every trust or relation in the same manner as if such consolidated bank, trust company, or association had itself assumed the trust or relation, including the obligations and liabilities connected therewith. If any bank, trust company, or association forming such consolidated institution, is acting, or is designated as administrator, co-administrator, executor, co-executor, trustee, or co-trustee, of or in respect to any estate or trust being administered, or to be administered, under the laws of this state, such designation or relation, as well as any other and similar designation or fiduciary relations, and all rights, privileges, duties and obligations connected therewith, shall remain unimpaired and shall continue into and in said consolidated bank, trust company, or association, from and as of the time of the taking effect of such consolidation, irrespective of the date when any such designation or relation may have been made, created, or established, and irrespective of the date of any instrument relating thereto."

"All Acts and parts of Acts in conflict with this Act are hereby repealed". (Laws of 1931, secs. 2-4, ch. 54, pp. 152-164.)

CONNECTICUT.Merger or consolidation.

"Any two or more state banks, trust companies or state bank and trust companies * * *, located and doing business in the same town may, with the approval of the banking commission, merge or consolidate into a single corporation to engage in the business of a state bank or trust company or both". (General Statutes, 1930, sec. 3890.)

Agreement of directors to merge or consolidate.

The directors of the corporations proposing to merge or consolidate may enter into an agreement prescribing the terms and conditions of the merger or consolidation and containing certain prescribed statements of fact with reference to the name and location of the consolidated corporation, the amount of its capital stock, the number of its directors, etc. (General Statutes, 1930, sec. 3891, as amended by Public Acts of 1931, ch. 88.)

Submission of agreement to stockholders.

The agreement must be submitted to the stockholders of each of the corporations involved at a special meeting called after twenty days' notice. Such notice must also be published in a designated newspaper or newspapers for three successive weeks. (General Statutes, 1930, sec. 3892, as amended by Public Acts of 1931, ch. 88.)

Approval of consolidation by stockholders; submission to banking commission.

If the consolidation or merger is approved by two-thirds of the

(Connecticut - cont'd.)

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stockholders of each of the corporations, that fact must be certified under corporate seal upon the agreement by the secretaries of the respective corporations, and such certified agreement must then be submitted to the banking commission. (General Statutes, 1930, sec. 3892, as amended by Public Acts of 1931, ch. 88.)

Consideration and approval of agreement by banking commission; filing of approved agreement.

If the banking commission, after a hearing held after publication for three successive weeks of notice of such hearing, determines that the consolidation or merger "will promote public convenience" and that the terms thereof are reasonable and in accordance with law and sound public policy, it may approve such consolidation or merger. If approval is granted, the banking commission must certify its findings and approval on the agreement and file such agreement in the office of the Secretary of State. When so approved and filed, the agreement "shall evidence the terms and conditions of such consolidation and the legal existence and the organization of said consolidated corporation, and the provisions of the charters or organization certificates of the consolidating corporations in so far as they may be inconsistent therewith shall be inapplicable to said consolidated corporation." (General Statutes, 1930, sec. 3892, as amended by Public Acts of 1931, ch. 88.)

Increase or reduce capital stock, change of name, or other amendments to agreement; when may be made.

The consolidated corporation, subject to the approval of the

(Connecticut - cont'd.)

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banking commission, may at any time in the future change its name, increase or reduce its capital stock, and make other amendments to the agreement provided such change or amendment is approved at a special meeting by two-thirds of the stockholders "and a certificate setting forth such change or amendments and stating that the same has been adopted by the stockholders shall be made by a majority of the directors, approved by the banking commission and filed in the office of the secretary of state." (General Statutes, 1930, sec. 3892, as amended by Public Acts of 1931, ch. 88.)

NOTE: - The 1931 amendment referred to under the five preceding headings is not yet obtainable; but, inasmuch as the bank commissioner of the State of Connecticut has advised that it is a purely clarifying measure, the provisions as amended probably do not differ substantially from the provisions as above digested.

Legal effect of merger or consolidation.

"Upon the completion of such consolidation as hereinbefore prescribed, the consolidating corporation shall become a corporation by the name so provided and the corporate existence of the consolidating corporations shall be continued by and in the consolidated corporation and the consolidated corporation shall possess all the rights, privileges, powers

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(Connecticut - cont'd.)

and franchises of each of the consolidating corporations and the entire assets, business, goodwill and franchises of each of the consolidating corporations shall be vested in the consolidated corporation without any deed or transfer, provided the consolidating corporations may execute such deeds or instruments of conveyance as may be convenient to confirm the same, and the consolidated corporation shall assume and be liable for all debts, accounts, undertakings, contractual obligations and liabilities of every name and nature of the consolidating corporations and shall exercise and be subject to all the duties, relations, obligations, trusts and liabilities of each of the consolidating corporations, whether as debtor, depository, registrar, transfer agent, executor, administrator, trustee or otherwise, and shall be liable to pay and discharge all such debts and liabilities to perform all such duties and to administer all such trusts in the same manner and to the same extent as if the consolidated corporation had itself incurred the obligation or liability or assumed the duty, relation or trust, and all rights of creditors and all liens upon the property of either of such consolidating corporations shall be preserved unimpaired and said consolidated corporation shall be entitled to receive, accept, collect, hold and enjoy any and all gifts, bequests, devises, conveyances, trusts and appointments in favor of or in the name of either of said consolidating corporations whether made or created to take effect prior to or after such consolidation, and the same shall inure to and vest in said consolidated corporation; and no suit, action or other proceeding pending at the time of such consolidation before any court or

(Connecticut - cont'd.)

tribunal in which either of said consolidating corporations is a party shall be abated or discontinued because of such consolidation but may be continued and prosecuted to final effect by or against the consolidated corporation. The consolidated corporation shall have the right to use the name of either of the consolidating corporations whenever it can do any act or discharge any duty or obligation or enforce any right under such name more conveniently or with greater advantage to itself or to any person to whom it holds any relation of trust or owes any duty under any contract or conveyance, and no other corporation shall take or use the name of either of said consolidating corporations. The consolidated corporation shall possess all the powers granted by the general statutes to banks and trust companies and shall be subject to all provisions of the general statutes relating to such banks and trust companies." (General Statutes, 1930, sec. 3893.)

Exchange of stock of consolidating corporations; stockholders dissenting to consolidation.

Provision is made for the exchange of stock of the consolidating corporations for stock of the consolidated corporation, and for the appraisal and payment of the value of stock held by stockholders who objected to the consolidation. (General Statutes, 1930, sec. 3894, as amended by Public Acts of 1931, ch. 88.)

Restrictions on branches.

The statute further provides that nothing herein shall be construed

(Connecticut - cont'd.)

as giving the consolidated corporation the right to maintain more than one banking house for the conduct of its business. (General Statutes, 1930, sec. 3895.)

Consolidation or merger of savings banks.

Any two or more savings banks located within the same town may merge or consolidate into a single savings bank. (General Statutes, 1930, sec. 4007.)

Procedure to effect consolidation.

The procedure prescribed to effect the consolidation of two or more savings banks is substantially similar to the procedure above described with reference to the consolidation of banks or trust companies, except that in the case of savings banks an appeal from the decision of the bank commissioner upon a protest against such consolidation is allowed to any judge of the Superior Court. (General Statutes, 1930, secs. 4008-4012; Banking Law Pamphlet, 1929, secs. 4008-4012, pp. 73 and 74.)

Legal effect of consolidation.

"Upon the completion of such consolidation, the several savings banks shall become a single savings bank by the name provided in such agreement, which may be a new name or the name of either of the consolidating banks; and said consolidated bank shall have all the powers and authority contained in either of the charters of the banks so consolidating and may proceed to enact such by-laws, rules and regulations for its management as were authorized at the organization of either of said banks.

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(Connecticut - cont'd.)

"All liabilities of the respective consolidating banks for current expenses shall be adjusted and paid by them before such consolidation goes into effect; and certificates to that effect, signed by the treasurer of each of said banks, shall be filed with the consolidated bank.

"All the assets of each of said banks shall become the property of the consolidated bank as soon as the certificate of consolidation, approved by the bank commissioner, shall have been filed in the office of the secretary of the state, and thereupon no further business shall be transacted by either of such consolidating banks, except such as may be necessary for the completion of such consolidation; and the consolidated bank shall thereupon become liable for all the deposits and other obligations of each of said consolidating banks." (General Statutes, 1930, secs. 4013-4015; Banking Law Pamphlet, 1929, secs. 4013-4015, pp. 74 and 75.)

DELAWARE.

Consolidation or merger of banks and trust companies; approval of State Bank Commissioner necessary.

"It shall be unlawful for any bank or trust company doing business in this State to merge or consolidate with any other bank or trust company or to take over any substantial portion of the assets of and/or to assume the liabilities, in

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(Delaware - cont'd.)

whole or in part, of any other bank or trust company (Whether said other bank or trust company is then doing business or has ceased to do business or has surrendered its charter or has dissolved) unless and until such action shall be approved by the State Bank Commissioner, and the said Commissioner is hereby authorized to require that he be furnished with such information as to the said assets and liabilities and as to the condition of the banks or trust companies concerned as he shall deem necessary or proper to determine whether to give or withhold his approval.

"It shall be the duty of the State Bank Commissioner to refuse his approval whenever in his opinion the transaction will weaken or tend to weaken any bank or trust company concerned.

"No title to any property shall pass where the transaction is in violation of the provisions of this Section."
(Act approved April 25, 1931.)

DISTRICT OF COLUMBIA.

No provisions relating to consolidations, mergers, etc.

The laws of the District of Columbia do not contain any pro-

(District of Columbia - cont'd.)

visions with specific reference to the consolidation, merger, etc. of banks or trust companies.

FLORIDA.Consolidation or transfer of assets.

Any bank which is winding up its business for the purpose of consolidating with some other bank, may transfer its resources and liabilities to the bank with which it is in process of consolidating, but no consolidation shall be made without the consent of the comptroller of the State of Florida, nor shall such consolidation operate to defeat the claim of any creditor or hinder any creditor from collection of his debt against such banks or either of them. (Act of June 7, 1913, sec. 12; Banking Law Pamphlet, 1930, p. 32.)

GEORGIA.Definition of word "bank".

The word "bank" as used in the following provisions of the laws of Georgia includes banks, savings banks and trust companies. (Banking Law Pamphlet, with amendments to August 26, 1925, Art. I, sec. 1, p. 1.)

Merger or consolidation of banks.

Any two or more banks are authorized to consolidate with or merge into another bank. (Banking Law Pamphlet, with amendments to August 26, 1925, Article XIII, sec. 1, p. 49.)

Agreement to merge or consolidate; contents of.

In order to effect a merger or consolidation, the boards of

(Georgia - cont'd.)

directors of the banks involved may, under their corporate names and seals, enter into an agreement prescribing the terms and conditions of the merger or consolidation and the mode of carrying it into effect. Such agreement "shall be subject to the approval of the Superintendent of Banks", and it must specify the name of the proposed resulting corporation, must name the persons who will constitute the board of directors after the merger or consolidation has taken place and until a new board of directors "shall be elected by the stockholders, and shall provide for a meeting of the stockholders of the merged or consolidated banks within thirty (30) days after the merger or consolidation, to elect such board of directors, with such temporary provisions for conducting the affairs of the merged or consolidated banks meanwhile, as shall be agreed upon." (Banking Law Pamphlet, with amendments to August 26, 1925, Art. XIII, sec. 1, p. 50.)

Submission of agreement to stockholders; filing of certified copies of proceedings approving; effect of.

After the agreement has been approved by the Superintendent of Banks, it must be submitted to the stockholders of the banks involved at a special meeting called after ten days' written notice specifying the time, place and object of the meeting has been given to each stockholder. If it is approved by two-thirds of the stockholders of each bank, "the same shall be the agreement of such banks". A certified copy of such proceedings, signed under corporate seal by the chairman and secretary of each bank is evidence of the holding and action of such meetings. Such certified copies must also be filed in the office of the Superintendent of Banks, "and thereupon such banks shall be merged or consolidated as specified in such agree-

(Georgia - cont'd.)

ment, and the bank into which the other or others are merged, or the consolidated bank, as the case may be, shall thereafter have the new name specified in such agreement, and the provisions of such agreement shall be carried into effect as therein provided." (Banking Law Pamphlet, with amendments to August 26, 1925, Art. XIII, sec. 2, pp. 50 and 51.)

Charter, application for, issuance and recording of.

When the acts described above have been performed, the merged or consolidated bank must file in the office of the Secretary of State a formal application in duplicate accompanied by a fee of \$25.00 in which it must state:

- "(1) The names and locations of the banks which have been merged or consolidated, with the dates of their original charters and all amendments thereto, respectively.
- "(2) The date of the consolidation agreement, and the dates of the approval thereof by the Superintendent of Banks and by the stockholders of the several contracting banks, respectively.
- "(3) The name under which the consolidated bank proposes to do business.
- "(4) The amount of capital stock of the consolidated bank.
- "(5) The number of its Board of Directors."

Immediately upon filing the application, the Secretary of State must transmit one copy to the Superintendent of Banks, and when it has been approved by the latter and a certificate of such approval has been filed by him with the Secretary of State, the "Secretary of State shall issue to the consolidated bank a certificate under the seal of the State,

(Georgia - cont'd.)

certifying that the contracting banks have been merged or consolidated under the name adopted and with the capital stock in said application set forth, which certificate shall be the charter of the consolidated or merged bank; and the Secretary of State shall record the application, the certificate by the Superintendent of Banks approving the same, and his certificate, in the order named." (Banking Law Pamphlet, with amendments to August 26, 1925, Art. XIII, sec. 2-a, pp. 51 and 52.)

Published notice of merger or consolidation necessary.

Notice of the merger or consolidation must be published for a certain prescribed time and in a certain designated newspaper or newspapers. Such notice must give the name and location of the consolidated or merged bank and must state that such bank "has taken over the assets of the banks respectively, entering into the consolidation or merger agreement, and has assumed the liabilities of such banks, including the liability to depositors." (Banking Law Pamphlet, with amendments to August 26, 1925, Art. XIII, sec. 3, p. 52.)

Issuance of new stock for old.

Provision is also made for the issuance of new certificates of stock of the consolidated or merged bank in lieu of original certificates of stock of the merging or consolidating banks. (Banking Law Pamphlet, with amendments to August 26, 1925, Art. XIII, sec. 4, p. 52.)

Legal effect of merger or consolidation.

"Upon the merger or consolidation of any banks in the manner herein provided, all and singular, the rights, franchises, duties and

(Georgia - cont'd.)

liabilities, and the interests of the bank or banks so merged or consolidated, and all the assets of every kind and character, including the real and personal property and choses in action thereunto belonging, shall be deemed to be transferred to and vested in such bank into which the other or others have been merged or in the consolidated bank, without any deed, transfer or assignment, and said bank shall hold, enjoy and be subject to the same in the same manner and to the same extent as the merged or consolidated banks, respectively, had, held, owned, enjoyed, and was subject to the same.

"The rights of creditors of any bank that shall be so merged or consolidated shall not be impaired in any manner by any such merger or consolidation; nor shall any liability or obligation for the payment of any money due or to become due, or any claim or demand in any manner or for any cause existing against such bank, or against any stockholder thereof, be in any manner released or impaired; and all the rights, obligations and relations of all the parties, creditors, depositors, and others shall remain unimpaired by such merger or consolidation. But such bank into which the other or others shall be merged, or the consolidated bank, as the case may be, shall succeed to all obligations, trusts, and liabilities, and be held liable to pay and discharge all such debts and liabilities and to perform all such trusts in the same manner as though such bank into which the other or others shall have become merged, or the consolidated bank had itself incurred the obligation or liability; and the stockholders of the respective bank shall continue subject to all the

(Georgia - cont'd.)

liabilities, claims and demands, existing against them as such at or before such merger or consolidation; and no suit, action, or other proceeding then pending before any court or tribunal in which any bank that may be merged or consolidated is a party shall be deemed to have abated or been discontinued by reason of any such merger, but the same may be prosecuted to final judgment in the same manner as if said bank had not entered into said agreement, or the bank into which the others shall have been merged, or the consolidated bank, as the case may be, may be substituted in the place of any bank so merged or consolidated by order of the court in which such action, suit, or proceeding may be pending. Such bank into which the other or others have been so merged, or the consolidated bank, shall be subject to be sued in any court having jurisdiction, upon any cause of action against any of the banks so merged or consolidated, in the same manner as if such cause of action had originated against such bank into which the other or others have been so merged or against such consolidated bank." (Banking Law Pamphlet, with amendments to August 26, 1925, Art. XIII, secs. 5 and 6, pp. 53 and 54.)

IDAHO.

Definition of word "bank".

The word "bank" as used in the banking laws of Idaho includes commercial banks, savings banks, and trust companies. (Idaho Banking Code, 1925, Art. 1, sec. 2, as amended, Laws of 1929, ch. 192, p. 353; Banking Law Pamphlet, 1925, sec. 2, pp. 5 and 6, as amended, Laws of 1929, ch. 192, p. 353.)

Consolidation or sale of business.

Any bank may sell its business "to any other bank, state or

(Idaho - cont'd.)

national, or may, for the purpose of consolidating with another bank, state or national bank, transfer its affairs, assets and liabilities to the bank with which it intends to consolidate, * * *." (Idaho Banking Code, 1925, Art. 1, sec. 48; Banking Law Pamphlet, 1925, sec. 48, p. 25.)
Consent of stockholders necessary; meeting; notice of.

No state bank, either as purchaser or seller, can enter into a sale, purchase or consolidation unless such action is consented to by two-thirds of the stockholders. Such consent, if acknowledged, may be given in writing by the stockholders, or by a vote at a special stockholders' meeting, if ten days advance written notice of such meeting has been given to each stockholder stating its time, place and purpose. (Idaho Banking Code, 1925, Art. 1, sec. 48; Banking Law Pamphlet, 1925, sec. 48, p. 25.)

Consent of Commissioner of Finance necessary; examination of banks involved; filing of certain documents.

No sale, purchase or consolidation can be made without the consent of the Commissioner of Finance, and before granting his consent he must examine each of the banks involved. He must also, before granting his consent, require each of the banks to file certified copies of all proceedings of their directors and stockholders relating to the transaction, showing a full compliance with the provisions herein digested, and also copies of any agreement or agreements which may have been entered into between the banks. (Idaho Banking Code, 1925, Art. 1, sec. 48; Banking Law Pamphlet, 1925, sec. 48, p. 25.)

(Idaho - cont'd.)

Consent of Comptroller of Currency, when necessary.

The consent of the Comptroller of the Currency to a consolidation, liquidation, or purchase must be furnished to the Commissioner of Finance if either bank concerned is a national bank. (Idaho Banking Code, 1925, Art. 1, sec. 48; Banking Law Pamphlet, 1925, sec. 48, p. 25.)

Rights of creditors not affected.

A sale or consolidation "shall in no wise impair, defeat or defraud any creditors of said bank or either of them." (Idaho Banking Code, 1925, Art. 1, sec. 48; Banking Law Pamphlet, 1925, sec. 48, p. 25.)

ILLINOIS.

Consolidation of banks.

"Whenever the board of directors, managers or trustees of any corporation having any banking powers * * * * may desire * * * to consolidate such corporation with any other corporation having banking powers * * * they may call a special meeting of the stockholders of such corporation for the purpose of submitting to a vote of such stockholders the question of such * * * consolidation with some other corporation * * * ." (Laws of 1929, sec. 12, p. 184.)

Special meeting, notice of.

A special meeting of the stockholders may be called by delivering personally, or by mailing thirty days before the time fixed for the meeting, a notice to each stockholder which must be signed by a majority of the directors, managers or trustees and state the time, place

(Illinois - cont'd.)

and object of such meeting. Notice of such meeting must also be published in a designated newspaper. (Laws of 1929, sec. 12, p. 184.)

Stockholders' approval of consolidation; certificate of, to be filed with Auditor of Public Accounts.

At a special meeting, or at any regular meeting, if two-thirds of the stockholders vote to approve the consolidation, a certificate of such approval, verified under corporate seal by the affidavit of the president or a vice president, must be filed immediately in the office of the Auditor of Public Accounts. (Laws of 1929, sec. 12, pp. 184 and 185.)

Approval of Auditor of Public Accounts; filing of certain papers with recorder of deeds.

If the auditor of Public Accounts gives his written approval to the consolidation such approval together with the certificate of the stockholders' approval, must be immediately filed for record in the office of the recorder of deeds of the county in which the principal business office of such corporation is located, and the consolidation "shall be and is hereby declared accomplished in accordance with the said vote of the stockholders." (Laws of 1929, sec. 12, p. 185.)

Conditions precedent to approval by Auditor of Public Accounts.

Before the Auditor can approve the consolidation, "he shall require to be filed with him a complete record of the proceedings of such consolidation, a list of stockholders, the agreement or articles of consolidation approved by the stockholders, which shall include the amount of capital and surplus of the consolidated corporation, the plan of business, name and time for which such consolidated corporation shall continue,

(Illinois - cont'd.)

which shall comply with the requirements of this Act as to application for and organization in the case of a new association, a detailed financial statement showing the assets and liabilities of such proposed consolidation and such other records as he may deem necessary, verified by the affidavit of one or more of the officers of each consolidating corporation, and shall satisfy himself that said records and list are true and complete and that said financial statement is true and that a sufficient amount is dedicated to the business of such proposed consolidation." The Auditor must also require each director of the proposed corporation to take and subscribe a certain prescribed oath. (Laws of 1929, sec. 13, pp. 186 and 187.)

Examination by Auditor.

The auditor is given authority to make an examination into the affairs of such corporation. (Laws of 1929, sec. 13, p. 187.)

Publication of change of organization.

After the filing of the above described certificate in the recorder's office, the consolidated corporation must publish the change of organization once each week, for three successive weeks, in a designated newspaper. (Laws of 1929, sec. 12, p. 185.)

Pending suits or rights of persons not affected by consolidation.

The consolidation of one corporation with another does not affect pending suits in which the consolidating banks are involved nor does it affect causes of action or the rights of persons in any particular. (Laws of 1929, sec. 12, p. 185.)

(Illinois - cont'd.)Dissenting stockholders, rights of.

Detailed provision is made for the payment to any stockholder, who objects to the consolidation within a certain prescribed time, of the stock held by such stockholder. (Laws of 1929, sec. 12, pp. 185 and 186.)

Sale of assets.

With the approval of the Auditor of Public Accounts, which shall state that the proposed sale is in his opinion necessary for the protection of depositors and other creditors, any bank may by a vote of two-thirds of its directors and without a vote of its stockholders, sell all or any part of its assets to another corporation organized under the Laws of Illinois or the United States, provided that such other corporation assumes in writing all of the liabilities of the bank other than its liabilities to stockholders as such. Provision is also made for the payment to any stockholders objecting to such sale of the value of the stock held by such stockholders. (Laws of 1929, sec. 12, pp. 185-186.)

INDIANA.Consolidation of State bank with national bank.

Any State bank "may be consolidated with any national banking association or associations, under the charter of such national banking association, or under a new charter issued to such consolidated association, upon such terms and conditions as may be lawfully agreed upon". (Act approved February 21, 1931, sec. 1.)

(Indiana - cont'd.)

Legal Effect of Consolidation.

"Whenever any bank shall have become, or shall have become consolidated with, a corporation for carrying on the business of banking under the laws of the United States, it shall notify the bank commissioner of this state of such fact, and shall file with him a copy of its authorization as a national banking association or a copy of the certificate of approval of consolidation, certified by the controller of the currency. It shall thereupon cease to be a corporation under the laws of this state, except that for the term of three years thereafter, its corporate existence shall be deemed to continue for the purpose of prosecuting or defending suits by or against it, and of enabling it to close its concerns, and to dispose of and convey its property. Such change from a state bank to or consolidation of a state bank with a national banking association shall not release any such bank from its obligations to pay and discharge all the liabilities created by law or incurred by it before becoming, or becoming consolidated with, a national banking association, or any tax imposed by the laws of this state up to the date of its becoming, or becoming consolidated with, such national banking association in proportion to the time which has elapsed since the next preceding payment and assessment therefor, or any assessment, penalty or forfeiture imposed or incurred under the laws of this state up to the date of its becoming, or becoming consolidated with, a national banking association.

(Indiana - cont'd.)

"At such time when the consolidation of a state bank with a national banking association under the charter of the latter company or such charter as may thereafter be issued, becomes effective, all the property of the state bank, including all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing, belonging or pertaining to it, or which would inure to it, shall immediately, by act of law and without any conveyance or transfer, and without any further act or deed, be vested in and become the property of the national banking association which shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed by the state bank; and the national banking association shall be deemed to be a continuation of the entity and of the identity of the state bank, and all the rights, obligations and relations of the state bank to or in respect to any person, estate, creditor, depositor, trustee or beneficiary of any trust, and in, or in respect to, any executorship or trusteeship or other trust or fiduciary function, or appointment thereto, shall remain unimpaired, and the national banking association as of the time of the taking effect of such change or consolidation shall succeed to all such rights, obligations, relations, appointments and trusts, and the duties and liabilities connected therewith, and shall execute and perform each and every such trustor relation in the same manner as if the national banking association had

(Indiana - cont'd.)

itself been appointed to and/ or assumed the trust or relation, including the obligations and liabilities connected therewith. If the state bank is acting as administrator, co-administrator, executor, co-executor, trustee or co-trustee of or in respect to any estate or trust being administered under the laws of this state, such relation, as well as any other or similar fiduciary relations, and all rights, privileges, duties, and obligations connected therewith shall remain unimpaired and shall continue into and in said national banking association from and as of the time of the taking effect of such consolidation, irrespective of the date when any such relation may have been created or established and irrespective of the date of any trust agreement relating thereto or the date of the death of any testator or decedent whose estate is being so administered. Nothing done in connection with the consolidation of a state bank with a national banking association shall, in respect to any such executorship, trusteeship or similar fiduciary relation, be deemed to be or to effect, under the laws of this state, a renunciation or revocation of any letters of administration or letters testamentary pertaining to such relation, nor a removal or resignation from any such executorship or trusteeship or other fiduciary relationship, nor shall the same be deemed to be of the same effect as if the executor or trustee or other fiduciary had died or otherwise become incompetent to act.

"All of the rights, powers, privileges, duties, obligations and liabilities conferred on or extended to banking institutions which

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(Indiana - cont'd.)

are formed by the consolidation of a state bank with a national banking association, as hercinbefore provided, are hereby conferred upon and extended to state banks which are formed by the consolidation of two or more previously existing state banks". (Act approved February 21, 1931, sec. 2.)

Meaning of Terms.

The words "bank," "banks" or "state banks," as used in this act shall be held to include banks of discount and deposit, loan and trust and safe deposit companies, private banks, and savings banks, or any other corporations or institutions carrying on the banking business under authority of the laws of this state." (Act approved February 21, 1931, sec. 3.)

IOWA.Consolidation or sale of assets of bank or trust company in receivership.

The laws of Iowa do not contain any provisions covering the consolidation, merger, etc., of solvent banks or trust companies. With reference to banks or trust companies in receivership, the laws provide that:

"If a majority of the creditors holding direct unsecured obligations of such bank in excess of ten dollars each, and totaling in the aggregate amount seventy-five per cent of all direct unsecured obligations, shall agree in writing to a plan of

(Iowa - cont'd.)

disposition and distribution of assets through sale to another bank, reopening, reorganization or consolidation of the bank, the district court in which such receivership is pending, upon application of the superintendent of banking, may order a disposition and distribution conforming in general to the provisions of such plan."

(Banking Laws, 1929, ch. 415, sec. 9239-al.)

Secured Creditors, certain rights, not affected.

"Nothing contained in the five preceding sections shall affect the rights of secured creditors in the security pledged, or to share in the capital stock assessment, nor affect the rights of depositors or creditors on bonds or other contracts with third parties."

NOTE: - Section 9239-al above quoted is one of the "five preceding sections" referred to herein. (Banking Laws, 1929, ch. 415, sec. 9239-a6)

Applicability of above provisions to trust companies.

The laws of this State make the provisions above quoted applicable "with equal force and effect to all trust companies organized or reorganized under this chapter". (Banking Laws, 1929, ch. 416, sec. 9304.)

KANSASConsolidation of bank and trust company.

The laws of this State provide that "Any bank or trust company authorized to do business in the state of Kansas is hereby authorized and

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(Kansas - cont'd.)

"empowered to consolidate with any other bank or trust company authorized to do business in the state." (Session Laws of Kansas, 1931, p. 148.)

Terms of consolidation; consent of bank commissioner necessary.

Such consolidation must be upon such terms as may lawfully be agreed upon by the two banks or trust companies, and must have the consent of the bank commissioner. (Session Laws of Kansas, 1931, p. 148.)

Location, consolidation conditional upon.

The consolidating banks or trust companies must have their banking houses in the same county in order to consolidate. (Session Laws of Kansas, 1931, p. 148.)

Legal effect of consolidation.

"In case of such consolidation, the consolidated bank and/or trust company shall become, without deed or transfer of any kind, the owner of and entitled to all rights, franchises and interests, which shall be referred to in such agreement, of every bank and/or trust company which shall be subject to the laws of the state of Kansas and which shall so consolidate, including every species of property and everything of value of every kind and description except real estate; and such consolidated corporation shall, without further appointment, act as trustee, executor, administrator or in any other fiduciary capacity in which any such bank or trust company subject to the laws of this state was acting at the time

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(Kansas - cont'd.)

"of such consolidation." (Session Laws of Kansas, 1931, p. 148.)

"In case any bank or trust company shall be named as trustee or in any other fiduciary capacity in any trust deed or other writing, or shall be named as executor in any will, and shall afterwards consolidate with any other bank or trust company such consolidated company shall be entitled to be appointed or to act as such trustee, fiduciary, or executor, with the same effect as if such consolidated corporation had been specifically named in the trust deed, writing, or will creating such trust or fiduciary relationship." (Session Laws of Kansas 1931, p. 151.)

KENTUCKY.Consolidation of two or more trust companies.

The laws of Kentucky do not appear to contain any provisions covering the consolidation or merger of banks; and it has been held that proceedings by the boards of directors of two banks were not sufficient to effect a consolidation. (La Rue v. Bank of Columbus, 165 Ky. 669, 178 S. W. 1033.) With reference to trust companies, however, the laws provide that "any two or more corporations organized under the laws of this State, for the purpose of conducting the business of trust companies, may consolidate their capital stock, assets and management into one organization." (Laws of Kentucky, 1912, ch. 41, sec. 1; Carroll's Ky. Stats.. 1930,

(Kentucky - cont'd.)

sec. 603a-1; Banking Law Pamphlet, including 1926 legislation, sec. 603a-1, p. 32.)

Specific legal effect of such consolidation.

"The separate existence of each corporation shall continue and all duties, powers and discretions of the constituent companies as personal representative, trustee, assignee, guardian, agent, or otherwise conferred, shall be imposed upon and may be exercised by the consolidated corporation; and such duty, power or discretion, at the time of consolidation or thereafter imposed upon either of the constituent companies, may be performed

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(Kentucky - cont'd.)

or exercised by the consolidated corporation in its own name or in the name of the constituent company upon which was imposed or conferred such duty, power or discretion; or by the constituent company upon which was imposed or conferred such duty, power or discretion; but in every case the consolidated corporation shall be liable for the proper performance of such duty and the proper exercise of such power or discretion."

The method and effect of such consolidation must be as provided in the provisions below digested, (Sections 555, 555a, 556, 557 and 558 of chapter 32, Carroll's 1930 Kentucky Statutes), "except that as above provided, the separate existence of the constituent corporations shall not cease, and the consolidated corporation and the constituent corporations shall continue to exist, the management of said consolidated corporation and each of said constituent corporations being in the directors and officers of the consolidated corporation." (Carroll's Ky. Stats., 1930, secs. 603a-1, 603a-2; Banking Law Pamphlet, including 1926 legislation, secs. 603a-1, a-2, pp. 32 and 33.)

Agreement of directors to consolidate.

A majority of the directors of each corporation proposing to consolidate, may enter into a signed agreement to consolidate. (Laws of Kentucky, 1902, ch. 58, sec. 2, p. 118; Carroll's Ky. Stats., 1930, sec. 555.)

Submission of agreement to stockholders for approval, notice of.

Notice of intention to consolidate must be mailed to each stock-

(Kentucky - cont'd.)

holder at least twenty days prior to entering into the agreement and must be published at least two weeks in a designated newspaper. The written consent of two-thirds of the stockholders of each corporation "shall be necessary to the validity of such agreement." (Laws of Kentucky, 1902, ch. 58, sec. 2, p. 118; Carroll's Ky. Stats., 1930, sec. 555.)

Names and addresses of stockholders not necessary.

All charters or articles of incorporation "heretofore taken out" by two or more state companies consolidating "are hereby declared to be valid, regardless of whether the names and addresses of the stockholders in the consolidating companies be inserted in the articles of consolidation or not; and that all articles of consolidation heretofore taken out are hereby declared to be valid without having the names and addresses of the stockholders inserted therein; and said charters shall be as valid and legal as if each and every stockholder in the companies composing the consolidated company was set out in such articles of consolidation." (Laws of Kentucky, 1906, ch. 131, p. 458; Carroll's Ky. Stats., 1930, sec. 555.)

Additional provisions relating to the legal effect of a consolidation.

Except as provided in the provisions above referred to setting out the specific legal effect of a consolidation or trust companies (Sections 603a-1 and 603a-2 of Carroll's Kentucky Statutes), a consolidation of trust companies also has a further effect under another section of the Kentucky laws. This section provides that "When the agreement is signed, acknowledged and recorded in the same manner as articles of incorporation are required to be, the separate existence of the constituent corporations

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(Kentucky - cont'd.)

shall cease, and the consolidated corporations shall become a single corporation in accordance with the said agreement, and subject to all the provisions of this chapter and other laws related to it, and shall be vested with all the rights, privileges, franchises, exemptions, property, business, credits, assets and effects of the constituent corporations without deed or transfer, and shall be bound for all their contracts and liabilities; Provided, that no consolidated company formed under this chapter or the laws of this state shall be required to pay any organization tax on the amount of capital stock on which the organization tax has been paid by the constituent companies prior to the consolidation, and when a foreign corporation consolidates with one or more corporations in this state the organization tax as required by the laws of this state shall be paid on the amount of capital stock of such foreign corporation and the organization tax shall be paid on any increase of the capital stock of the consolidated corporation over the aggregate capital stock of the constituent corporations prior to consolidation." (Laws of Kentucky, 1916, ch. 46, p. 490; Carroll's Ky. Stats., 1930, sec. 556.)

Consolidated corporation subject to State Courts and general corporation laws.

The consolidated corporation becomes a corporation of Kentucky for all purposes and is subject to the jurisdiction of its courts and all its laws regulating corporations. (Carroll's Ky. Stats., 1930, sec. 555.)

Pending suits not affected by consolidation.

Any suit pending by or against any of the constituent corporations may be prosecuted to judgment as if no consolidation had taken place,

(Kentucky - cont'd.)

"or the new corporation may be substituted in its place." (Laws of Kentucky, 1893, ch. 171, p. 612; Carroll's Ky. Stats., 1930, sec. 557.)

Dissenting stockholders, rights of.

Provision is made for the payment within a certain time of the value of stock held by any stockholder who objected in writing to the consolidation and who demands such payment within twenty days after the consolidation agreement has been recorded. (Laws of Kentucky, 1893, ch. 171, p. 612; Carroll's Ky. Stats., 1930, sec. 558.)

LOUISIANA.Sale of assets.

The laws of Louisiana do not contain any provisions specifically covering the consolidation or merger of banks and trust companies; but the laws do permit any State banking association, savings bank or trust company to sell its assets to any other bank after having obtained the consent of two-thirds of the stockholders of both the selling and purchasing banks. The consent must be either in writing and acknowledged by such stockholders and attached to the instrument of sale, or to a copy thereof, or by their vote at special meetings. The agreement for such sale shall contain provisions for the payment of liabilities of the selling bank and it may contain provisions for the transfer of all deposits to the purchasing bank, subject, however, to the unconditional right of every depositor of the selling bank to withdraw his deposit in full on demand after such transfer. (Act 193 of 1910, sec. 3; Banking Law Pamphlet, 1928, sec. 3, p. 50.)

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MAINE.Consolidation of savings banks or sale or lease of franchises,
property, etc.

The laws of this state provide that savings banks "may exercise the powers and shall be governed by the rules and be subject to the duties, liabilities, and provisions in their charters, *** and in the general laws relating to corporations, unless otherwise specially provided". (R. S., 1930, ch. 57, sec. 13.)

The "general laws relating to corporations" provide that "No corporation shall sell, lease, consolidate or in any manner part with its franchises, or its entire property, or any of its property, corporate rights or privileges essential to the conduct of its corporate business and purposes, otherwise than in the ordinary and usual course of its business, except with the consent of its stockholders at an annual or special meeting, the call for which shall give notice of the proposed sale, lease or consolidation". (R. S., 1930, ch. 56, sec. 63, p. 877.)

Agreement to consolidate, contents of, acknowledgment.

Any two or more state corporations, or any state corporation or corporations and any corporation or corporations of any other state, "may consolidate into a single corporation which may be either one of said corporations, provided the same be a corporation originally organized under the laws of this state, or a new corporation under the laws of this state to be formed by means of such consolidation", by entering

(Maine - cont'd.)

into an agreement authorized by a majority of the directors of each of the corporations involved and signed by the proper officers, "and under the respective seals of said corporations, prescribing the terms and conditions of the consolidation" and the mode of carrying it into effect and whether the consolidated corporation will be one of the constituent corporations or a new one. The agreement must also state such other facts as are necessary to be set out in the certificate of organization of an organizing corporation and as are pertinent in the case of a consolidation, the manner of converting the capital stock of the constituent corporations into stock of the consolidated corporation, together with such other details as are deemed necessary to perfect the consolidation. The agreement must "be acknowledged by one of the executing officers of each of the consolidating corporations" before a person authorized to take acknowledgements of deeds "to be the respective act, deed and agreement of each of said corporations". (R. S., 1930, ch. 56, sec. 63, p. 877.)

Submission of agreement to stockholders; recordation and filing of; when deemed to be act of consolidation.

The consolidation agreement must be submitted at a special meeting to the stockholders of each corporation involved, and if adopted by a majority of such stockholders, that fact must be certified thereon by the clerk or secretary of each corporation, "and the agreement so signed, acknowledged, adopted and certified, after it has been examined by the Attorney General, and been by him

(Maine - cont'd.)

certified to be properly drawn and signed and to be conformable to the constitution and laws of this state, shall be recorded in the registry of deeds in the county where the said consolidated corporation is located, and within sixty days after the day of the meeting at which such consolidation agreement is adopted by the stockholders, a copy thereof certified by such register shall be filed in the office of the Secretary of State, who shall enter the date of filing thereon, and on the original agreement, certified as aforesaid, to be kept by the consolidated corporation, and shall record said copy. From the time of filing the copy of such agreement in the office of the Secretary of State, said agreement shall be taken and deemed to be the agreement and act of consolidation of the said corporations and the said original consolidation agreement or a certified copy thereof shall be evidence of the existence of such consolidated corporation and of the observance and performance of all acts and conditions necessary to have been observed and performed precedent to such consolidation".

(R. S., 1930, ch. 56, sec. 63, p. 877.)

Legal effect of consolidation.

When the agreement is signed, acknowledged, adopted, recorded and filed, "the separate existence of all of the constituent corporations, or all of such constituent corporations except the one into which such constituent corporations shall have been consolidated, shall cease, and the constituent corporations, whether consolidated into a new corporation

(Maine - cont'd.)

or merged into one of such constituent corporations, as the case may be, shall become the consolidated corporation by the name provided in said agreement, possessing all the rights, privileges, powers, franchises and immunities as well of a public as of a private nature, and being subject to all the liabilities, restrictions and duties of each of such corporations so consolidated and all and singular the rights, privileges, powers, franchises and immunities of each of said corporations, and all property, real, personal and mixed, and all debts due to any of said constituent corporations on whatever account, and all other things in action of or belonging to each of said corporations, shall be vested in the consolidated corporations; and all property, rights, privileges, powers, franchises and immunities, and all and every other interest shall be thereafter as effectually the property of the consolidated corporation as they were of the several and respective constituent corporations, and the title to any real estate, whether by deed or otherwise, under the laws of this state, vested in any of such constituent corporations shall not revert or be in any way impaired by reason thereof; provided, that all rights of creditors and all liens upon the property of any of said constituent corporations shall be preserved unimpaired, limited to the property affected by such liens at the time of the consolidation, and all debts, liabilities and duties of the respective constituent corporations shall thenceforth attach to said consolidated corporation and may be enforced against

(Maine - cont'd.)

it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it". (R. S., 1930, ch. 56, sec. 63, p. 877.)

Procedure where location of consolidated corporation is different from that of constituent corporations.

"If the location of the consolidated corporation is not the same as that of the constituent corporations, then the clerk of the consolidated corporation shall within sixty days after such consolidation has become effective file a certificate of the consolidation, setting forth the names and locations of the consolidated and constituent corporations, in the registry of deeds of each county, other than that of the consolidated corporation, where the constituent corporations may be located." (R. S., 1930, ch. 56, sec. 63 pp 877-879.)

Dissenting stockholders.

The laws also contain detailed provisions under which stockholders in any of the constituent corporations who dissent or object to the consolidation, sale or lease, may obtain the value of the stock held by them. (R. S., 1930, ch. 56, secs. 63-74, pp. 877-881.)

MARYLAND.

Consolidation of banks and trust companies; transfer of resources and liabilities.

Any banking institution having capital stock incorporated under the laws of Maryland may consolidate with any other banking

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(Maryland - cont'd.)

institution of the state having capital stock. The consolidation must be effected in the same manner provided for the consolidation of corporations under the general laws of the state, and the rights of any stockholder of any consolidating banking institution having capital stock who dissents from the plan of consolidation at the stockholders' meeting at which the said plan is submitted to the stockholders shall be the same as the rights of a stockholder of an ordinary business corporation.

No consolidation, however, can be made without the consent of the Banking Commissioner, and not then to defeat or defraud any of the creditors of any of the consolidating institutions. The laws also provide that a banking institution which is in good faith winding up its business for the purpose of consolidating with some other banking institution may transfer its resources and liabilities to the banking institution with which it is in process of consolidation. (Annotated Code of Maryland for 1924, Article 11, Section 59, as amended by laws of Maryland for 1931, Chapter 294, Page 761).

Provisions for the consolidation of corporations.

Since under the above statute the consolidation of banking institutions is regulated by the general law applicable to the consolidation of corporations, the substance of such provisions is set forth below.

Any two or more corporations having capital stock existing or formed under the laws of Maryland which have been or shall have been

(Maryland - cont'd.)

duly authorized by law to carry on in whole or in part any business of the same or a similar nature may consolidate, and by such consolidation form one new corporation. (Annotated Code of Maryland for 1924, Article 23, Section 33).

Proceedings for consolidation.

Such consolidations shall be made in the manner following:

There shall be an agreement of consolidation between the consolidating corporations giving: (a) the terms and conditions of the proposed consolidation; (b) the mode of carrying the same into effect; (c) the name of the new corporation; (d) the postoffice address of the place at which the principal office of the corporation in this State will be located as in the case of a certificate of incorporation and the name or names and postoffice address or addresses of the resident agent or agents who will be in charge thereof, as in the case of a certificate of incorporation; (e) the counties in this State in which any of the consolidating corporations own property, the title to which could be affected by the recording of an instrument among the land records, and if any of the consolidating corporations own such property in the City of Baltimore, the agreement of consolidation shall so state; (f) the number, names and addresses of the directors and the names of the officers, who shall act as such until their successors are duly chosen and qualified; (g) the amount of authorized capital stock of each consolidating corporation and the total amount of authorized capital

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(Maryland - cont'd.)

stock of the new corporation and the number and par value of the shares;

(h) the total amount of capital stock of the new corporation to be issued for stock of the consolidating corporations; (i) the restrictions, if any, imposed upon the transfer of the shares or of any of them; (j) if the capital stock is classified, the amount, par value, preferences, restrictions and qualifications of each class, specifying the amount of each class authorized and the amount of each class to be issued for stock of the consolidating corporations; (k) the manner of converting the capital stock of each of the consolidating corporations into stock of the new corporation; (l) all such other provisions and details which shall be deemed necessary to perfect the consolidation.

The agreement of consolidation must be first submitted to the boards of directors of the consolidating corporations, which must pass resolutions declaring that such consolidation is advisable and calling separate meetings of the stockholders of the respective corporations to take action thereon. Notice of the meetings of stockholders must be given in the manner provided by law and if the agreement of consolidation is approved by the affirmative vote of two-thirds of all shares (or if two or more classes of stock have been issued, two-thirds of each class) outstanding and entitled to vote of each consolidating corporation, the agreement must then be signed and acknowledged in the name and in behalf of the respective consolidating corporations by their respective president or vice-president and sealed with their respective corporate seals, attested by their

(Maryland - cont'd.)

respective secretaries or assistant secretaries.

The agreement thus executed must have attached to it the affidavits of the chairmen or secretaries of the respective stockholders' meetings, showing that the agreement was duly advised by the boards of directors and approved by the stockholders of their respective corporations. (Annotated Code of Maryland for 1924, Article 23, Section 33).

Legal effect of the consolidation.

When such agreement has been duly filed with the State Tax Commission and the proper fees paid all of the property and assets belonging to said consolidating corporations of whatever nature and description, and all the powers and rights and all debts and liabilities of the said consolidating corporations of whatever nature and description shall be devolved upon said new corporation, which shall be regarded as substituted by operation of law in the room and stead of said consolidating corporations. (Annotated Code of Maryland for 1924, Article 23, Section 34.)

Rights of dissenting stockholders.

Any stockholder of any corporation consolidating as aforesaid, who at such meeting voted against the agreement submitted, may within twenty days after the agreement of consolidation has been delivered to the State Tax Commission, but not afterwards, make upon the consolidated corporation a written demand for the payment of his stock

(Maryland - cont'd.)

and shall thereupon be entitled to receive the fair value thereof. If the stockholder and the corporation are unable to agree upon the fair value of the stock, or if having agreed, the corporation shall fail to tender the amount thereof, the dissenting stockholder may within thirty days after such written demand apply by petition to any court of equity, which must appoint three commissioners to determine the fair value of the stock without regard to depreciation which has occurred since the consolidation, and the award of said commissioners, or the majority of them, when confirmed by the court is final and conclusive on all parties except that the corporation and stockholder have the right of appeal to the court of appeals. (Annotated Code of Maryland for 1924, Article 23, Section 35).

Sale of all assets of a corporation.

Any corporation of the State of Maryland having capital stock may at any meeting duly called in accordance with law sell, lease, or exchange all of its property or assets as an entirety, including its good will and franchises to and with any corporation organized under the laws of Maryland, or of any other state which is duly authorized to acquire and hold such or similar property. An agreement containing the terms and conditions of such proposed sale, lease, or exchange must after approval by the board of directors be submitted for the approval of the stockholders of any corporation organized under the laws of the state, which shall be a party to such agreement at a duly called

(Maryland - cont'd.)

meeting, and if approved by the affirmative vote of two-thirds of all stock (or if two or more classes of stock have been issued of two-thirds of each class) outstanding and entitled to vote, such agreement shall be executed and in terms and conditions performed by the proper officers of the respective corporations. If any stockholder dissents at such meeting or votes against the agreement submitted he may within twenty days after such meeting, but not afterwards, require the payment to him by the corporation of the fair value of his stock, which, if not agreed upon, must be determined in a manner substantially similar to that provided in the case of consolidations. (Annotated Code of Maryland for 1924, Article 23, Section 36).

MASSACHUSETTS.

Consolidation or merger of trust companies.

The laws provide that "No trust company shall be merged in or consolidated with another trust company except with the written approval of the commissioner and under the provisions of sections forty-two and forty-six of chapter one hundred and fifty-six, which are hereby made applicable to the sale or exchange of all the property and assets, including the good will and corporate franchise, of a trust company." (General Laws, ch. 172, sec. 44, as amended by Acts of 1931, ch. 11.)

Section 42 of Chapter 156 above referred to provides that

(Massachusetts - cont'd.)

"Every corporation may, at a meeting duly called for the purpose, by vote of two-thirds of each class of stock outstanding and entitled to vote, or by a larger vote if the agreement of association or act of incorporation so requires, change its corporate name, the nature of its business, the classes of its capital stock subsequently to be issued and their preferences and voting power, or make any other lawful amendment or alteration in its agreement of association or articles or organization, or in the corresponding provisions of its act of incorporation, or authorize the sale, lease or exchange of all its property and assets, including its good will, upon such terms and conditions as it deems expedient." (General Laws, ch. 156, sec. 42.)

Section 46 of Chapter 156 provides for the appraisal and payment of the value of stock held by any stockholder who at the stockholders' meeting referred to in section 42 voted against a sale, lease, exchange of property and assets, or a change in the nature of the business of the corporation. (General Laws, ch. 156, sec. 46.)

Legal effect of consolidation or merger.

"The charter of a trust company the business of which shall, on or after July first, nineteen hundred and twenty-two, be consolidated or merged with, or absorbed by, another bank or trust company, or the affairs of which shall, on or after said date, have been liquidated, shall be void except for the purpose of discharging

(Massachusetts - cont'd.)

existing obligations and liabilities." (General Laws, ch. 172, sec. 44, as amended by Acts of 1931, ch. 11.)

Office of consolidating or merging company may be maintained as branch office.

"Any office of a trust company the business of which has been taken over under section forty-four by, or any office of a national bank purchased by or merged in, a trust company located in the same town, may be maintained as a branch office of such corporation, if in the opinion of the commissioner public convenience will be served thereby." (General Laws, ch. 172, sec. 46, as amended by Acts 1922, ch. 396; Trust Company Pamphlet, 1929, sec. 46, p. 24.)

Consolidation or merger of savings banks.

Any savings bank may, if authorized at a special meeting by two thirds of its corporators, be dissolved and liquidate its affairs, "provided, that the (bank) commissioner is satisfied that such savings bank has given at least thirty days' notice to each other savings bank, located within twenty-five miles, of its willingness to enter into negotiations with a view to consolidation or merger and that no consolidation or merger with any such savings bank can be arranged upon terms satisfactory to the commissioner; * * *. If, however, the commissioner is satisfied that a consolidation or merger of the savings bank proposing liquidation

(Massachusetts - cont'd.)

with another savings bank located within twenty-five miles can be effected on terms approved by him and if he finds that such consolidation or merger is in the interest of the depositors of the savings banks concerned, such consolidation or merger may be effected upon such terms and subject to the direction of the commissioner, provided that a vote authorizing the same is passed by at least two-thirds of the corporators of each of the savings banks aforesaid at meetings specially called to consider the subject". (Laws of 1930, ch. 329, p. 377.)

MICHIGAN.Consolidation under so-called "Bank Act" of bank or trust company with State bank; procedure.

"A bank or trust company which is in good faith winding up its business for the purpose of consolidating with some other state bank may transfer its assets and liabilities to the bank with which it is in process

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(Michigan - cont'd.)

of consolidation." Before such consolidation can become effective each bank or trust company concerned must file with the banking commissioner, with the secretary of state and in the office of the clerk of the county in which the bank or trust company is located, certified copies of all proceedings had by its directors and stockholders. The stockholders proceedings must state that stockholders owning at least two-thirds of the stock voted in the affirmative on the proposition of liquidation and consolidation and must also contain a copy of the agreement entered into between the consolidating institutions. Upon filing such stockholders proceedings, the banking commissioner must make an examination of each bank or trust company, and his consent to or rejection of such liquidation and consolidation shall be based thereon. No consolidation can be made without the consent of the banking commissioner, and not then to defeat or defraud any of the creditors of any of the consolidating institutions. (Public Acts, 1929, Act 66, sec. 57; Banking Law Pamphlet, 1929, sec. 66, p. 40.)

State bank - consolidation with, or purchase of assets of national bank; absorption of State bank by national bank.

A State bank is given authority to consolidate with or purchase the assets and assume the liabilities of any national bank. In case any State bank is to be absorbed by a national bank, the banking commissioner must require to be filed in his office, with the secretary of state and in the office of the clerk of the county in which the bank is located, certified copies of all proceedings had by the stockholders of each bank,

(Michigan - cont'd.)

which must state that stockholders owning at least two-thirds of the capital stock voted in favor of liquidation and consolidation. Such stockholders' proceedings shall also recite an exact copy of the agreement entered into between the banks. The banking commissioner must also require the national bank to furnish a certified copy of the consent of the comptroller of the currency to such consolidation, liquidation or purchase. In the instance of a State bank absorbing a national bank, the transaction shall not become effective until each bank files with the banking commissioner certified copies of all proceedings had by its stockholders, which proceedings shall set forth that stockholders owning at least two-thirds of the capital stock voted in the affirmative on the proposition of such consolidation or purchase. A copy of the agreement entered into between the stockholders of each bank shall be set forth at length in such stockholders' proceedings. In addition, the national bank is required to furnish a certified copy of the consent of the comptroller of the currency to such liquidation or consolidation under section 5220 of the Revised Statutes of the United States. It is also the duty of the banking commissioner to make an examination of each bank and no such consolidation shall be made without the consent of the commissioner, and not then to defeat or defraud any of the creditors of either of the banks parties to the consolidation. The expenses of the examinations must be paid by the banks but can not exceed ten dollars per day for each examiner and the actual expenses incurred while making the examinations. (Public Acts, 1929, Act 66, sec. 59; Banking Law Pamphlet, 1929, sec. 68, pp. 41 and 42.)

(Michigan - cont'd.)

Legal effect of consolidation under so-called "Bank Act" of State bank or trust company with State bank.

"In the event of any consolidation heretofore or hereafter effected in any manner prescribed by this (bank) act, the consolidated corporation, by whatever name it may assume or be known, shall be a continuation of the entity of each and all of the corporations so consolidated, and as such entity shall hold, exercise and perform all rights, powers, privileges, duties and obligations appertaining to any and all trust, representative or fiduciary relationships of whatsoever nature of each of the consolidating corporations at the time of such consideration, whether the appointment of such consolidating corporation in any such trust, representative or fiduciary capacity shall have been by any court or otherwise and shall hold, exercise and perform all rights, powers, privileges, duties and obligations appertaining to any and all trust, representative or fiduciary relationships whatsoever as to or for which either or any one of the corporations so consolidating may have been appointed, nominated or designated by any will or conveyance or otherwise, whether or not such will, conveyance or other act intended to create such trust, representative or fiduciary relationship shall have been executed or have come into or taken effect at the time of such consolidation; and further, in the event of any such consolidation heretofore or hereafter effected, the consolidated corporation shall succeed to and become the owner of all property, rights, powers, franchises, privileges and appointments, whether existing, contingent or future, corporeal,

(Michigan - cont'd.)

or incorporeal, tangible, or intangible, of every nature whatsoever of each of the consolidating corporations, and if any of the consolidating corporations shall be acting or shall have been nominated, appointed, delegated or designated by any court, person or otherwise irrevocably or contingently to act as trustee, attorney, agent, executor, administrator, receiver, assignee, guardian, or in any fiduciary or representative capacity or relationship, or in any other capacity or relationship whatsoever, the consolidated corporation shall succeed to all of the property, rights, powers, privileges, duties and obligations appertaining to each fiduciary, representative or other capacity or relationship, without further or additional appointment, confirmation or designation whatsoever, and said consolidated corporation shall file with each court or other public tribunal, agency or officer by which any of the consolidating corporations shall have been so appointed and designated, and in the file of each estate, suit or proceeding in which so then acting, a statement setting forth the fact of such consolidation, the name of each other corporation entering therein, the name of the consolidated corporation and its place of business, capital, and surplus; but nothing herein contained is intended or shall be construed to limit or restrict in any wise the powers and authority of any court of competent jurisdiction in respect of any matter arising by reason of any such condition." (Public Acts, 1929, Act 66, sec. 57; Banking Law Pamphlet, 1929, sec. 66, pp. 40 and 41.)

(Michigan - cont'd.)

Consolidation under so-called "Trust Company Act" of trust companies, or of State or national bank with trust company authorized to engage in banking business.

Any two or more trust companies, or a State or national bank and "a corporation organized or existing under this (trust company) act, and which has obtained the consent of the Commissioner of the banking department to engage in the banking business, may consolidate in pursuance of authority granted by the affirmative vote of the holders of at least two-thirds of the capital stock of such corporation, in accordance with either of the following methods;

(a) by the dissolution of each of the consolidating corporations and the conveyance of all of their assets and liabilities to a new corporation which must assume all of the liabilities, duties and obligations of each of the consolidating corporations. The capital and surplus of the new corporation shall be equivalent to the aggregate of the capitals and surplus of the consolidating corporations.

(b) by the acquisition by one corporation of all the assets and liabilities of one or more other corporations, and the dissolution of each of the other corporations. The acquiring corporation shall deliver to the dissolvent corporation or corporations such cash, stock, or property as may be provided in the agreement for consolidation, and shall assume all of the liabilities, duties and obligations of each of the

(Michigan - cont'd.)

dissolving corporations. Each dissolving corporation shall distribute pro rata to its stockholders any cash or property or stock received by it.

No such consolidation is valid unless and until it is approved by the banking commissioner and not then to defeat or defraud any creditors. Such consolidation does not become effective, until each of the consolidating corporations files with the banking commissioner, with the secretary of state, and in the office of the county clerk of the county in which the corporation is located, certified copies of all proceedings had by its directors and stockholders, and the stockholders' proceedings of each such corporation shall set forth that two-thirds of the stockholders voted for the consolidation. Such stockholders' proceedings shall also contain a copy of the agreement for consolidation entered into by the consolidating corporations.

If the consolidation is between a State or national bank and a trust company, the directors' and stockholders' proceedings shall set forth the proportion of the capital of the new or acquiring corporation which will be allocated to the banking business of such corporation. Such allocation is subject to the approval of the banking commissioner.

"For the purposes of this act the words 'consolidate', 'consolidation', 'consolidating', and 'consolidated' shall be construed to include in their meanings the meanings of

(Michigan - cont'd.)

the words 'merge', 'merger', 'merging' and 'merged', respectively." (Public Acts, 1929, Act 67, sec. 30; Banking Law Pamphlet, 1929, sec. 143, pp. 72 and 73.)

Legal effect of consolidation under so-called "Trust Company Act" of trust companies, or of State or national bank with trust company authorized to engage in banking business.

"In the event of any consolidation heretofore or hereafter effected in any manner prescribed by this (trust company) act, the consolidated corporation shall have, possess and be the owner of all property, rights, powers, franchises, privileges and appointments whether existing, contingent or future, corporeal or incorporeal, tangible or intangible, of every nature whatsoever of each of the consolidating corporations, and if any of the consolidating corporations shall be acting or shall have been nominated, appointed, delegated or designated by any court, person or otherwise irrevocably or contingently to act as trustee, attorney, agent, executor, administrator, receiver, assignee, guardian, or in any fiduciary or representative capacity or relationship, or in any other capacity or relationship whatsoever, the consolidated corporation shall have, possess and be vested with all of the property, rights, powers, privileges, duties and obligations appertaining to each such fiduciary, representative or other capacity or relationship, without further or additional appointment, obligation or designation whatsoever. In the event of any such consolidation heretofore or

(Michigan - cont'd.)

hereafter effected in any manner aforesaid, the consolidated corporation, by whatever name it may assume or be known, shall be a continuation of the entity of each and all of the corporations so consolidated, and as such entity shall hold, exercise and perform all rights, powers, privileges, duties and obligations appertaining to any and all trust, representative or fiduciary relationships of whatsoever nature of each of the consolidating corporations at the time of such consolidation, whether the appointment of such consolidating corporation in any such trust, representative or fiduciary capacity shall have been by any court or otherwise and shall hold, exercise and perform all rights, powers, privileges, duties and obligations appertaining to any and all trust, representative or fiduciary relationships whatsoever as to or for which either or any one of the corporations so consolidating may have been appointed, nominated or designated by any will, or conveyance or otherwise, whether or not such will, conveyance or other act intended to create such trust, representative or fiduciary relationship shall have been executed or have come into or taken effect at the time of such consolidation.

"Said consolidated corporation shall file with each court or other public tribunal, agency or officer by which any of the consolidating corporations shall have been so appointed and designated, and in the file of each estate, suit or proceeding in which so then acting, a statement setting forth the

(Michigan - cont'd.)

fact of such consolidation, the name of each other corporation entering therein, the name of the consolidated corporation and its place of business, capital and surplus; but nothing herein contained is intended or shall be construed to limit or restrict in any wise the powers and authority of any court of competent jurisdiction in respect of any matter arising by reason of such condition." (Public Acts, 1929, Act 67, Sec. 30; Banking Law Pamphlet, 1929, sec. 143, pp. 72 and 73.)

Purchase of assets by State bank or trust company of another bank or trust company.

If any State bank or trust company purchases the capital stock of another bank or a trust company for the purpose of retiring such stock and takes over all assets and assumes all liabilities, the banking commissioner must require the stockholders of the bank or trust company selling its business to authorize such sale by a vote of the stockholders owning at least two-thirds of the capital stock; and the commissioner

(Michigan - cont'd.)

may, in his discretion, require authorization of such purchase by the acquiring bank or trust company by a two-thirds vote of its directors or stockholders, and may in his discretion make an examination of any of the institutions involved before consenting to the transaction.

Certified copies of all stockholders and directors' proceedings must be filed with the banking commissioner, the secretary of state and in the office of the clerk of the county in which the institutions are located, and shall contain in detail the particulars relating to such sale and purchase, and a copy of any agreement entered into between the stockholders and directors of the institutions. No sale or purchase shall be made without the consent of the commissioner and not then to defeat or defraud any of the creditors of any of the institutions. The expenses of any examinations must be paid by the institutions and shall not exceed ten dollars per day for each examiner and the actual expenses incurred while making the examinations. (Public Acts, 1929, Act 66, sec. 58, and Act 67, sec. 31; Banking Law Pamphlet, 1929, sec. 67, p. 41 and sec. 144, p. 74.)

MINNESOTA.Consolidation of banks and trust companies.

The laws of Minnesota authorize the consolidation of State banks or trust companies with other State banks or trust companies "operating in the same city or village" under such charter as the boards of directors of the consolidating corporations may determine. All consolidations must be made in the manner prescribed below and when completed, the consolidated corporation "shall be governed and conducted in all

(Minnesota - cont'd.)

other respects" by the statutes covering the operation of a corporation of the same class as the corporation whose charter was adopted by the consolidated corporation. (Laws of 1925, ch. 156, sec. 1, Act approved Apr. 8, 1925; Banking Law Pamphlet, 1929, sec. 1, p. 25.)

Agreement for consolidation, terms of; capital stock; name.

A consolidation agreement may be made by the boards of directors of the institutions involved and this agreement must prescribe the terms and conditions of and specify the parties to, the consolidation. The agreement must also prescribe the manner of carrying the consolidation into effect, the name of the consolidated corporation, which may be the name, in whole or in part, of any of the constituent corporations, and the authorized capital stock of the resulting institution, which can not exceed the aggregate authorized capital stock of all of the consolidating corporations; and the city or village in which the principal place of business will be carried on must be specified. The persons who will constitute the board of directors of the consolidated corporation must also be named, but the number and qualifications of such directors shall be in accordance with the statutes relating to the number and qualifications of directors of the class of corporation under whose charter the consolidation is made. (Laws of 1925, ch. 156, sec. 2, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 2, p. 25.)

Approval of superintendent of banks necessary.

The consolidation agreement and certified copies of the proceedings of the boards of directors authorizing the making of the agreement must be submitted to the superintendent of banks for his approval, and the agreement does not become effective until he has approved it.

(Minnesota - cont'd.)

After such documents are received, the superintendent within twenty days must take action on them "and he shall be entitled to such further information from the consolidated corporation as he may request or as he may obtain upon a hearing directed by him." (Laws of 1925, ch. 156, sec. 3, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 3, p. 25.)

The laws of Minnesota also provide that "With the written consent of the examiner, (superintendent of banks), it may effect a transfer of its assets and liabilities to another bank for the purpose of consolidating therewith, but the same shall be without prejudice to the creditors of either." (General Statutes, 1923, sec. 7692; Banking Law Pamphlet, 1929, p. 25.)

Submission to and approval by stockholders of agreement, certificate by superintendent of banks.

Either before or after the agreement has been approved by the superintendent of banks, it must be submitted to a special meeting of the stockholders of each corporation involved and it does not become binding upon the consolidated corporation until it has been approved "by a vote or ballot of the stockholders, holding at least a majority of the amount of stock of the respective corporations". Proof of the holding of such meetings and such action as was taken must be made to the superintendent. After the agreement has been approved by the stockholders and the superintendent, "the latter shall issue a certificate reciting that such corporations have complied with the provisions of this act and declaring the consolidation of such corporations; the name of the consolidated

(Minnesota - cont'd.)

corporation, the amount of capital stock thereof and the names of the first board of directors and the place of business of such consolidated corporation, which shall be within the city or village where any one of said constituent corporations shall have been previously authorized to have its place of business". (Laws of 1925, ch. 156, sec. 4, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 4. pp. 25 and 26.)

When incorporation complete and corporate existence begins.

When the superintendent of banks has issued the certificate above described and it has been filed for record in the office of the Secretary of State, and in the office of the Register of Deeds for the county in which the consolidated corporation will have its principal place of business, "such incorporation shall be deemed to be complete, and such consolidated corporation shall from the date of such certificate have such term of corporate existence as may be therein specified not exceeding the longest unexpired term of any constituent corporation." The certificate of the superintendent is prima facie evidence that all the provisions of the so-called consolidation act have been complied with and "shall be conclusive evidence of the existence of such consolidated corporation". (Laws of 1925, ch. 156, sec. 4, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 4, p. 26.)

Legal effect of consolidation.

"Upon the consolidation of any such corporation, with any one or more corporations, into a consolidated corporation, as herein provided, the corporate existence of each former corporation shall be merged

(Minnesota - cont'd.)

into that of the consolidated corporation, and all and singular its rights, privileges, and franchises, and its right, title and interest in and to all property of whatsoever kind, whether real, personal, or mixed, and all things in action, and every right, privilege interest or asset of conceivable value or benefit then existing which would inure to it under an unmerged or unconsolidated existence shall be deemed fully and finally transferred to and vested in the consolidated corporation without further act or deed and such last mentioned corporation shall have and hold the same in its own right as fully as the same was possessed and held by the former corporation from which it was, by operations of this act, transferred. Its rights, obligations, and relations to any person, creditor, depositor, trustee, or beneficiary of any Trust, shall remain unimpaired and the corporation into which it shall have been consolidated shall succeed to such relations, obligations, trusts, and liabilities and shall execute and perform all such trusts in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and its liabilities and obligations to creditors existing for any cause whatsoever shall not be impaired by such consolidation, nor shall any obligation or liability of any stockholder in any corporation, which is party to such consolidation, be affected by any such consolidation, but such obligations and liabilities shall continue as fully and to the same extent as existed before such consolidation. The consolidated corporation shall become without further act or deed, the successor of the consolidating corporations in

(Minnesota - cont'd.)

any and all fiduciary capacities, in which each such consolidated corporations may be acting at the time of such consolidation, and shall be liable to all beneficiaries as fully as if such consolidating corporations had continued its separate corporate existence. If any consolidating corporation shall be nominated and appointed or shall have been nominated or appointed as executor, guardian, administrator, agent or trustee, or in any other trust relation or fiduciary capacities in any will, trust agreement, trust conveyance or any other conveyance, order or judgment of any Court, or any other instrument whatsoever prior to such consolidation (even though such will or other instrument shall not become operative or effective until after such consolidation shall have become effective) every such office, trust relationship, fiduciary capacity, and all of the rights, powers, privileges, duties, discretions and responsibilities so provided to devolve upon, vest in, or inure to the corporation so nominated or appointed, shall fully and in every respect devolve upon, vest in, and inure to, and be exercised by the consolidated corporation, whether there be one or more successive mergers or consolidations." (Laws of 1925, ch. 156, sec. 5, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 5, pp. 26 and 27.)

Consolidation does not affect pending judicial proceedings against consolidating corporations.

Any judicial proceeding in which any consolidating corporation is a party is not abated or discontinued because of the consolidation, but it may be prosecuted to final disposition, or the consolidated corporation

(Minnesota - cont'd.)

may be substituted as a party and judgment rendered for or against it.

(Laws of 1925, ch. 156, sec. 6, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 6, p. 27.)

Rights of stockholders objecting to consolidation.

The so-called consolidation act also contains detailed provisions with reference to the rights of stockholders of any of the consolidating corporations in case they object to the consolidation.

(Laws of 1925, ch. 156, sec. 7, Act approved April 8, 1925; Banking Law Pamphlet, 1929, sec. 7, p. 27.)

MISSISSIPPI.

No provisions covering consolidations, mergers, etc.

The laws of Mississippi do not contain any provisions specifically covering the consolidation, merger, etc. of State banks or trust companies.

MISSOURI.

Banks, Sale of business to, or consolidation or merger with, another bank or trust company.

"Any bank may sell the whole of its business, or the whole of the business of any of its departments, to any other bank or trust company, state or national, or may for the purpose of consolidating or merging with another bank or trust company, state or national, transfer its affairs, assets and liabilities to the bank or trust company with which it intends to consolidate or merge; * * *." (Laws of 1927, sec. 11. p. 232; Rev. Stats. of Mo. 1929, sec. 5379.)

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(Missouri - cont'd.)Consent of stockholders, when necessary.

Unless such sale, merger or consolidation is deemed by the commissioner of finance to be a public necessity or advantage, it can be entered into only after obtaining the consent of two-thirds of the stockholders. This consent may either be in writing, executed and acknowledged by such stockholders, or by a special meeting of the stockholders, prior notice of which, stating the time, place and object, must be given to each stockholder of record. (Laws of 1927, sec. 11, p. 232; Rev. Stats. of Mo., 1929, sec. 5379.)

Consent of Commissioner of Finance finally necessary.

"No such sale, purchase, merger or consolidation shall be made without the consent of the commissioner of finance", and he must, "before granting his consent, require each of the banks or trust companies to file certified copies of all proceedings of their directors' and stockholders' meetings relating to the transaction, showing a full compliance with the requirements of this section, and also copies of any agreement or agreements which may have been entered into between said banks or trust companies." (Laws of 1927, sec. 11, p. 232; Rev. Stats. of Mo., 1929, sec. 5379.)

Commissioner of finance may examine institutions involved.

The commissioner of finance, before granting his consent to such sale, purchase, merger or consolidation, may examine each of the banks or trust companies involved, the expenses of

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(Missouri - cont'd.)

which must be paid by such banks or trust companies. (Laws of 1927, sec. 11, p. 232; Rev. Stats. of Mo. 1929, sec. 5379.)

Rights of creditors not affected.

It is further provided that "such sale, merger, or consolidation shall in no wise impair, defeat or defraud any creditor of said bank or trust company or either of them".

(Laws of 1927, sec. 11, p. 232; Rev. Stats. of Mo. 1929, sec. 5379.)

Trust companies - merger or consolidation with each other.

The laws of Missouri also provide that any trust company organized under such laws may be merged in or consolidated with any other such trust company or companies to form a single corporation. (Laws of 1919, p. 160; Rev. Stats. of Mo., 1929, sec. 5470.)

(Missouri - cont'd.)

Agreement to merge or consolidate; authorization for; execution and acknowledgement.

Each trust company which is a party to a merger or consolidation, upon being first authorized by a majority of all the members of its board of directors, must enter into an agreement with the other trust companies which are parties to the merger or consolidation, providing for such merger or consolidation. The agreement must be in writing, and executed and acknowledged under the seals of the trust companies involved in such form as is required by law for the execution and acknowledgement of instruments conveying real estate. (Laws of 1919, p. 160; Rev. Stats. of Mo., 1929, sec. 5471.)

Merger agreement; terms, conditions and contents of.

The merger agreement must set out:

- (1) The names of the merging trust companies;
- (2) The terms and conditions of such merger, and the manner of carrying it into effect;
- (3) The corporate name of the resulting trust company, which may be the name, in whole or in part, of any of the merging trust companies;
- (4) The names of the persons who are to constitute the board of directors, provided that the number and qualifications of such directors shall be in accordance with the provisions of law relating to the number and qualifications of directors of trust companies;
- (5) The agreement shall provide further that the directors named shall, after qualifying, divide themselves into certain classes, and that

(Missouri - cont'd.)

they may adopt new by-laws for the consolidated trust company. (Laws of 1919, p. 160; Rev. Stats. of Mo., 1929, sec. 5472.)

Consolidation agreement; terms and contents of.

The consolidation agreement must set forth:

- (1) The terms and conditions of the consolidation and the method of carrying it into effect;
- (2) The name of the resulting corporation, which may be the name, in whole or in part of any of the consolidating corporations;
- (3) The name of the city or town and county in Missouri in which the consolidated corporation will be located;
- (4) The amount of the capital stock of the corporation;
- (5) The number of shares into which the stock has been divided and the par value thereof;
- (6) That the shares have been subscribed by the persons named therein as the first board of directors as trustees for the stockholders of the consolidating companies, and that all of the capital stock has been paid-up either in lawful money of the United States, or by the capital stock, surplus and undivided profits of the consolidating companies, provided that such part of the capital as is paid for in the latter manner, shall be received only for the amount which may be approved by the bank commissioner;
- (7) That the custody of all such cash and property has been placed in the care and control of the persons named as the board of directors;
- (8) The number, names and addresses of the directors and that said directors shall, after qualifying, divide themselves into classes in

(Missouri - cont'd.)

accordance with the provisions of law and that they may adopt new by-laws for the consolidated company;

(9) The purposes for which the consolidated company is formed, which shall be limited to the purposes then prescribed by law for trust companies;

(10) The number of directors necessary to constitute a quorum;

(11) The duration of the company;

(12) Such other provisions as may be necessary fully to set out the rights of the consolidating companies, their stockholders and creditors and the plan of such consolidation. (Laws of 1919, p. 161; Rev. Stats. of Mo., 1929, sec. 5473.)

Consolidation or merger agreement and directors' proceedings as evidence.

A copy of the minutes of the proceedings of the board of directors authorizing the making of the consolidation or merger agreement and a copy of such agreement certified and verified by the secretaries of the trust companies involved "shall be presumptive evidence of the action of such respective boards". (Laws of 1919, p. 161; Rev. Stats. of Mo., 1929, sec. 5474.)

Consolidation or merger agreement and directors' proceedings must be submitted to and approved by bank commissioner.

A copy of the consolidation or merger agreement and certified and verified copies of the proceedings of the respective boards of directors must be submitted in duplicate to the bank commissioner for approval or disapproval. In case the bank commissioner disapproves the agreement, "the companies which are parties thereto may submit another plan for a merger or consolidation under the provisions of this chapter." (Laws of 1919, p. 161;

(Missouri - cont'd.)

Rev. Stats. of Mo., 1929, sec. 5475.)

Commissioner must certify finding within thirty days.

The approval or disapproval of the bank commissioner of the agreement must be certified by him in writing to each trust company which is a party to the merger or consolidation within thirty days after the agreement has been submitted to him. (Laws of 1919, p. 162; Rev. Stats. of Mo., 1929, sec. 5476.)

Agreement must be submitted to stockholders within sixty days after its approval.

In case the agreement is approved by the bank commissioner, it must, within sixty days after such approval, be submitted at a special meeting to the stockholders of each trust company. Notice of the time, place and object of this meeting must be given two weeks in advance to each stockholder and must also be likewise published once a week for at least two successive weeks in a newspaper in each of the counties in which any of the consolidating or merging trust companies has its place of business, and for the purpose of such notice the city of St. Louis is considered as a county. (Laws of 1919, p. 162; Rev. Stats. of Mo., 1929, sec. 5477.)

Agreement binding if two-thirds of stockholders of respective companies vote favorably.

If two-thirds of the stockholders of each of the consolidating or merging trust companies vote in favor of the agreement "then such agreement shall be valid and binding upon such trust companies". (Laws of 1919, p. 162; Rev. Stats. of Mo., 1929, sec. 5478.)

(Missouri - cont'd.)

When merger agreement becomes effective.

A copy of the minutes of the stockholders' meetings at which an agreement for a merger has been approved, with a copy of such agreement and the bank commissioner's approval thereof, all certified and verified by the secretaries of the respective stockholder's meetings, must be filed with the bank commissioner and with the secretary of each of the trust companies involved. An identical copy of such minutes, agreement and approval, together with an affidavit of the secretary of the resulting company showing the filing of such copies with the bank commissioner and the secretary of each of the merging companies, "shall be filed for record and recorded in the office of the recorder of deeds of each county wherein is located the place of business of each trust company which is party to such agreement, it being understood that the City of St. Louis shall be considered as a county in regard to the filing and recording of such copies". When such copies have been "filed for record in the office of the recorder of deeds, the agreement and merger shall become effective according to its terms." (Laws of 1919, p. 162; Rev. Stats. of Mo., 1929, sec. 5479.)

When consolidation agreement becomes effective.

A copy of the minutes of the stockholders meetings of the consolidating companies at which the consolidation agreement was approved, with a copy of the agreement and the bank commissioner's approval thereof, all certified and verified by the secretaries of such stockholders meetings, must be filed in the office of the bank commissioner and with the secretary of each of the consolidating trust companies. A like copy of such minutes, agreement and approval, with an affidavit of the secretary

(Missouri - con'td.)

of one of the consolidating companies showing the filing of such copies with the bank commissioner and the secretary of each of the consolidating companies, must also be filed and recorded in the office of the recorder of deeds in each county wherein is located the place of business of each of the consolidating companies. The city of St. Louis is considered as a county as far as the filing for record with the recorder of deeds of such copies is concerned. Upon the filing with the recorder of deeds of the agreement, with the approval of the bank commissioner, "and the proceedings above prescribed, the agreement for the consolidation of the trust companies, which are parties thereto, shall take effect according to its terms, and the consolidation shall thereupon be complete, provided the legal fees for the incorporation of such consolidated trust companies shall have been paid to the state bank commissioner, the same as if a new corporation were organized for the same amount of capital authorized for such consolidated company." (Laws of 1919, p. 163; Rev. Stats. of Mo., 1929, sec. 5480.)

New certificates of stock, when resulting company shall issue.

The resulting company may require the return of the original certificates of stock held by the stockholders in either the merging or consolidating companies, unless such certificates have been lost or destroyed, "and shall cancel said original certificates and issue in lieu thereof new certificate or certificates for such number of its own shares as such stockholders may be entitled to receive under the agreement providing for the merger or for the consolidation and according to the terms

(Missouri - cont'd.)

and conditions contained in the agreement for such merger or such consolidation;" but if the original certificates have been lost or destroyed, such loss or destruction must be proved by affidavit or otherwise to the satisfaction of the board of directors of the resulting company, before new certificates in lieu thereof can be issued. (Laws of 1919, p. 163; Rev. Stats. of Mo., 1929, sec. 5481.)

Stockholders dissenting to merger or consolidation; rights, privileges, etc.

There are also detailed provisions giving to stockholders who object to or do not vote for a merger or consolidation the right to receive a reasonable value for their stock, and prescribing the manner for determining the value of the stock, the time within which the dissenting stockholders must assert their rights, the procedure for doing so, etc. (Laws of 1919, pp. 164-166; Rev. Stats. of Mo., 1929, secs. 5482-5485.)

Legal effect of merger or consolidation.

(a) Corporate existence merged into new company - title to property, etc. - "The corporate existence of the merging company or companies shall be merged into that of the receiving trust company, or in the event of consolidation, the corporate existence of the consolidating companies shall be merged into that of the consolidated trust company; and all and singular the rights, privileges and franchises, and the rights, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of conceivable value or benefit then existing to which either of such companies so merging or consolidating shall be entitled at

(Missouri - cont'd.)

law or inequity, shall be fully and finally and without any right of reversion, transferred to and vested in the receiving trust company in case of merger, or in the consolidated trust company, in case of a consolidation, without further act or deed, and such receiving company or such consolidated company shall have and hold the same in its own corporate right as fully as the same was possessed and held by either of the merging or consolidating corporations from which such rights were, by operation of the provisions of this article, transferred." (Laws of 1919, p. 166; Rev. Stats. of Mo., 1929, sec. 5486.)

(b) Trust and fiduciary powers, passage of to new company. -

"The receiving corporation under merger of (or) the new corporation under consolidation, shall become, without further act or deed, the successor of the merging or of the consolidating corporation, in any and all fiduciary capacities in which such merging or consolidating corporation may be acting at the time of such merger or consolidation, and shall be liable to all beneficiaries as fully as if such receiving or consolidating corporations had continued their separate corporate existence. All and singular the rights and privileges and the right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of conceivable value or benefit then existing to which either of such companies so merging or consolidating shall be entitled at law or in equity, in any fiduciary capacity shall fully and finally, and without any right of reversion, be transferred to and vested in the receiving or consolidated

(Missouri - cont'd.)

corporation, without further act or deed; and such receiving or consolidated corporation shall have and hold the same as fully and in the same fiduciary capacity and for the same purposes, and with the same powers, duties, responsibilities and discretion, as the same were possessed and held by the merging or consolidating corporation from which they were, by operation of the provisions of this article, transferred.

"If any trust company which merges with or shall have merged with another, or if any trust company which consolidates with or shall have consolidated with another or other trust companies to form a consolidated trust company, shall be nominated and appointed or shall have been nominated or appointed as executor, guardian, curator, administrator, agent or trustee or in any other trust relation or fiduciary capacity in any will, trust agreement, trust conveyance or any other conveyance or instrument whatsoever prior to such merger or consolidation (even though such will, trust agreement, trust conveyance, or other conveyance or instrument shall not become operative or effective until after such merger or consolidation shall have become effective) every such office, trust relationship, fiduciary capacity and all of the rights, powers, privileges, duties, discretions and responsibilities, so provided to devolve upon, vest in, or inure to the company so nominated or appointed, shall fully and in every respect devolve upon, vest in and inure to and be exercised by the trust company into which such company so designated in such capacity shall be or shall have been merged, or shall devolve upon, vest in, inure to and be exercised by the consolidated trust company

(Missouri - cont'd.)

formed by any consolidation to which the trust company so designated shall have been a party, whether there be one or more successive mergers or consolidations." (Laws of 1919, pp. 166 and 167; Rev. Stats. of Mo., 1929, secs. 5487-5490.)

(c) Obligations of consolidating companies unaffected.- "The rights, obligations and relations of either of the merged companies or of the consolidating companies, in respect to any person, creditor, depositor, trustee or beneficiary of any trust shall remain unimpaired, and the receiving corporation or the consolidated corporation shall, when the merger or consolidation becomes effective, as in this chapter provided, succeed to all such relations, obligations, trusts, powers and liabilities and shall execute and perform all duties in relation thereto in the same manner as though it had itself assumed or been clothed with such relation, trust or power, or had itself incurred the obligation or liability; and the liabilities and obligations to creditors of either of the merged companies, or of either of the consolidating companies shall not be impaired by such merger or consolidation; nor shall any obligation or liability of any stockholder in any corporation which is a party to such merger or consolidation be affected by any such merger or consolidation, but such obligations and liabilities shall continue as fully and to the same extent as existed before such merger or consolidation." (Laws of 1919, p. 167; Rev. Stats. of Mo., 1929, sec. 5488.)

Merger or consolidation does not affect pending judicial proceedings against consolidating companies.

Any judicial proceeding in which any merging or consolidating

(Missouri - cont'd.)

company is a party is not affected because of the merger or consolidation, but it may be prosecuted to final disposition, or the resulting company may be substituted as a party and judgment rendered for or against it.

(Laws of 1919, p. 167; Rev. Stats. of Mo., 1929, sec. 5489.)

MONTANA.Definition of word "bank".

The word "bank" as used in the laws of Montana, applies to any incorporated bank, trust company or savings bank. (Laws of 1927, ch. 89, sec. 2, Act approved March 8, 1927; Banking Law Pamphlet, 1927, sec. 2, pp. 7 and 8.)

Consolidation of banks.

"Any two (2) or more banks may, with the approval of the Superintendent of Banks, consolidate into one (1) bank under the charter of either existing bank, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each bank proposing to consolidate, and be ratified and confirmed by the vote of the shareholders of each such bank owning at least two-thirds of its capital stock outstanding, at a meeting to be held on the call of the directors, after sending notice to each shareholder of record by registered mail at least ten (10) days prior to said meeting; provided, that the stockholders may unanimously waive such notice and may consent to such meeting and consolidation in writing." (Laws of 1927, ch. 89, sec. 94, Act approved March 8, 1927; Banking Law Pamphlet, 1927, sec. 94, p. 56.)

(Montana - cont'd.)

Capital required of consolidated corporation.

The capital stock of the consolidated bank must be not less than that required under law for the organization of a bank of the class of the largest consolidating bank. (Laws of 1927, ch. 89, sec. 94, Act approved March 8, 1927; Banking Law Pamphlet, 1927, sec. 94, p. 56.)

Legal effect of consolidation.

"The assets and liabilities of the consolidated bank shall be reported by the surviving bank. All the rights, franchises, and interests of said bank so consolidated in and to every specie of property, real, personal and mixed and choses in action thereto belonging, shall be deemed to be transferred to and vested in such bank into which it is consolidating without other instrument of transfer, and said consolidated bank shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by the bank so consolidated therewith, provided, however, that merging bank shall transfer to the surviving bank all of its real property by good and sufficient deed of conveyance and for that and other purposes shall remain a body corporate for a period of at least three (3) years after merger and shall not then dissolve without the approval of the Superintendent of Banks." (Laws of 1927, ch. 89, sec. 94, Act approved March 8, 1927; Banking Law Pamphlet, 1927, sec. 94, p. 57.)

NEBRASKA.

Consolidation of banks - no provisions covering trust companies.

The laws of Nebraska do not contain any provisions covering the

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(Nebraska - cont'd.)

consolidation or merger of trust companies; but, with reference to banks, the laws provide that "Any bank which is in good faith winding up its business for the purpose of consolidating with some other bank, may transfer its resources and liabilities to the bank with which it is in process of consolidation but no consolidation shall be made without the consent of the department of trade and commerce, nor shall such consolidation operate to defeat the claim of any creditor or hinder any creditor in the collection of his debt against such banks or either of them." (Comp. Stats. of Nebraska, 1929, sec. 8-160; Banking Law Pamphlet, 1929, sec. 8021, p. 20.)

NEVADA.No provisions covering consolidation, merger, etc.

The laws of Nevada do not contain any provisions specifically covering the consolidation, merger, etc. of banks and trust companies.

NEW HAMPSHIRE.Consolidation of mutual savings banks with trust or banking companies or with other savings banks.

The laws of New Hampshire do not contain any provisions covering the merger or consolidation of so-called trust or banking companies or savings banks with each other; but the laws do provide that "Any mutual savings bank incorporated under the laws of this state, or a majority of the members thereof, and any trust or banking company, or any other savings bank, incorporated under the laws of this state, or a majority of the members or the holders of a majority of the stock thereof, may

(New Hampshire - cont'd.)

apply by petition to the superior court in the county in which either of said petitioning corporations is located, or to any justice of said court in vacation, for a decree authorizing a union of said savings bank with said trust or banking company, or other savings bank, and a dissolution of said first named savings bank in the manner herein provided".

(Laws of 1917, ch. 54, sec. 1; Public Laws, 1926, ch. 263, sec. 1; Banking Law Pamphlet, 1929, ch. 263, sec. 1, p. 30.)

Notice and hearing on petition; reference to bank commissioner by court.

When the petition for consolidation is filed, the court or justice "shall fix a time for hearing thereon, and after due notice by publication to all parties interested, and such other notice as the court may order, and hearing the court shall refer said petition to the bank commissioner". (Laws of 1917, ch. 54, sec. 2; Public Laws, 1926, ch. 263, sec. 2; Banking Law Pamphlet, 1929, ch. 263, sec. 2, p. 30.)

Hearing by bank commissioner; character of duties after.

The bank commissioner, after notice and hearing, must ascertain "whether the public convenience and advantage and the interest of said institutions, their members, stockholders and depositors, will be promoted by the proposed union." (Laws of 1917, ch. 54, sec. 3; Public Laws, 1926, ch. 263, sec. 3; Banking Law Pamphlet, 1929, ch. 263, sec. 3, p. 30.)

Appraisal of assets and determination of amount due depositors.

If the bank commissioner approves the petition, "he shall appraise the assets and ascertain the liabilities of said savings bank, and determine the net value thereof for the purpose of liquidation, the total number of depositors therein and the amount of their respective deposits,

(New Hampshire - cont'd.)

and, upon such appraisal and findings, determine the proportionate share of the net deposits due such depositors". The commissioner is authorized to employ expert or other assistance at the expense of the petitioners in making such appraisal. (Laws of 1917, ch. 54, secs. 3 and 4; Public Laws, 1926, ch. 263, secs. 4 and 5; Banking Law Pamphlet, 1929, ch. 263, secs. 4 and 5, p. 30.)

Report to court of findings and determinations.

The Commissioner must "forthwith make a report to the court of his findings and determinations, and of the expense of said hearings, appraisal and findings. Upon due notice to all parties of record the court shall thereupon enter a final decree." (Laws of 1917, ch. 54, sec. 5; Public Laws, 1926, ch. 263, sec. 6; Banking Law Pamphlet, 1929, ch. 263, sec. 6, p. 30.)

Decree of Court, extent of; depositor's option.

After receiving such report, if "it appears that the public convenience and advantage and the interest of said several parties will be promoted by the action sought by said petition the court shall by decree fix a date upon which the funds of the depositors in the savings bank to be liquidated shall cease to draw interest, and shall authorize the trustees or directors of said savings bank to sell and convey all of its assets to said trust or banking company or other savings bank at the value fixed by such appraisal, and to pay said depositors the several amounts found to be their due". Each depositor in the mutual savings bank is given the option to receive in cash from the sale of its assets the amount found to

(New Hampshire - cont'd.)

be due him or to accept a deposit in the consolidated institution for the same amount without loss of interest. (Laws of 1917, ch. 54, sec. 6; Public Laws, 1926, ch. 263, secs. 7 and 8; Banking Law Pamphlet, 1929, ch. 263, secs. 7 and 8, pp. 30 and 31.)

Unclaimed deposits and dividends.

The laws contain provisions prescribing the manner of disposing of unclaimed deposits and dividends in the consolidating mutual savings bank at the time of the consolidation. (Laws of 1917, ch. 54, sec. 7; Public Laws, 1926, ch. 263, secs. 9 and 10; Banking Law Pamphlet, 1929, ch. 263, secs. 9 and 10, p. 31.)

Other orders court may make.

"The court shall make all other and further orders and decrees in respect to the winding up of the affairs of said liquidated savings bank and its dissolution that may be necessary for the protection of all parties interested". (Laws of 1917, ch. 54, sec. 8; Public Laws, 1926, ch. 263, sec. 11; Banking Law Pamphlet, 1929, ch. 263, sec. 11, p. 31.)

NEW JERSEY.Merger of State banks and/or trust companies.

The laws of New Jersey authorize State banks and trust companies having their main offices or places of business in the same municipality to merge into another State bank or trust company. (Laws of 1925, ch. 198, ch. 197 and ch. 203; Banking Law Pamphlet, 1930, sec. 11, p. 59, sec. 19, p. 119 and sec. 1, p. 155.)

Agreement for merger.

The boards of directors of such banks or trust companies may, by

(New Jersey - con'td.)

a vote of two-thirds of the entire membership of each board, make or authorize to be made between such banks or trust companies a written merger agreement in duplicate and under corporate seal. A sworn copy of the proceedings of the directors' meetings "shall be presumptive evidence of the holding and action of such meetings." (Laws of 1925, ch. 198, ch. 197 and ch. 203; Banking Law Pamphlet, 1930, sec. 12, p. 59, sec. 20, p. 119 and sec. 2, p. 155.)

What merger agreement must specify.

The merger agreement must name each bank or trust company to be merged and the bank or trust company which is to receive the merging institution or institutions, "and it shall prescribe terms and conditions of the merger and the mode of carrying it into effect." It may specify the name of the receiving corporation, which may be the name of any of the merging corporations; but, in the case of a merger of a bank into a trust company or a trust company into a bank, such name must comply "with the provision of the law under which said continuing corporation is organized." It may also name the persons who will constitute the board of directors of the receiving corporation; but the number and qualifications of such directors must be in accordance with the pertinent provisions of law covering the number and qualifications of directors of the kind of corporation into which the merging corporation or corporations are received; "or such agreement may provide for a meeting of the stockholders to elect a board of directors within sixty days after such merger becomes effective and may make provision for conducting the affairs of the corporation meanwhile." (Laws of 1925, ch. 198, ch. 197, and ch. 203; Banking

(New Jersey - cont'd.)

Law Pamphlet, 1930, sec. 13, p. 60, sec. 21, p. 120 and sec. 3, pp. 155 and 156.)

Merger agreement must be submitted to commissioner of banking and insurance for approval.

The merger agreement and sworn copies of the proceedings of the boards of directors at which the making of the agreement was authorized must be submitted in duplicate to the commissioner of banking and insurance for his approval. (Laws of 1925, ch. 198, ch. 197, and ch. 203; Banking Law Pamphlet, 1930, sec. 14, p. 60, sec. 22, p. 120 and sec. 4, p. 156.)

After approval of commissioner, agreement must be submitted to stockholders.

Within sixty days after notice from the commissioner that the merger agreement has been approved, it must be submitted to a special meeting of the stockholders of the merging corporations, and, if it is approved by two-thirds of the stockholders of each corporation, it then becomes binding upon such corporation. A sworn copy of the proceedings of such meetings is presumptive evidence of the holding and action of such meetings. (Laws of 1925, ch. 198, ch. 197, and ch. 203; Banking Law Pamphlet, 1930, sec. 15, pp. 60-61, sec. 23, p. 121, and sec. 5, pp. 156-157.)

Filing and recording of approved agreement and copies of proceedings.

After the agreement has become binding upon the merging corporations, one copy with a copy of the written approval of the Commissioner of Banking and Insurance, and a sworn copy of the proceedings of the meetings at which the agreement was approved, must be filed in the office

(New Jersey - cont'd.)

of the Commissioner of banking and insurance. An identical copy of such agreement, approval and proceedings "shall be recorded in the office of the clerk of the county in which is located the place of business of the corporations so merged; such record being made in the book provided for the record of certificates of incorporation of corporations organized under the laws of this State." (Laws of 1925, ch. 198, ch. 197, and ch. 203; Banking Law Pamphlet, 1930, sec. 16, p. 61, sec. 24, p. 121 and sec. 6, p. 157.)

When merger becomes effective.

Upon filing and recording the merger agreement with copies of its approval by the commissioner of banking and insurance as above prescribed, "the merger agreement shall take effect according to its terms, and the merger shall thereupon take place as provided in the agreement." (Laws of 1925, ch. 198, ch. 197, and ch. 203; Banking Law Pamphlet, 1930, sec. 17, p. 62, sec. 25, p. 122 and sec. 7, pp. 157-158.)

Legal effect of merger.

Upon the merger of any corporation into another as above provided:

(1) "Its corporate existence shall be merged into that of such other corporation; and all and singular its rights, privileges and franchises, and its right, title and interest in and to all property whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of conceivable value or benefit then existing which would inure to it under an unmerged existence, shall be deemed fully and finally, and without any right of reversion, transferred

(New Jersey - cont'd.)

to and vested in the corporation into which it shall have merged, without further act or deed, and such last-mentioned corporation shall have and hold the same in its own right as fully as the same was possessed and held by the merged corporation from which it was, by operation of the provisions hereof, transferred."

(2) Its rights, obligations and relations to any person, creditor, depositor, trustee or beneficiary of any trust, remain unimpaired, and the receiving corporation succeeds to all such relations, obligations, trusts and liabilities, and shall execute and perform all such trusts, in the same manner as though it had itself assumed the relation or trust, or incurred the obligations or liability. Liabilities and obligations to creditors existing for any cause whatsoever shall not be impaired by such merger, nor "shall any obligation or liability of any stockholder in any corporation which is a party to such merger be affected by any such merger, but such obligations and liabilities shall continue as fully and to the same extent as existed before such merger."

(3) "A pending action or other judicial proceeding to which any corporation that shall be so merged is a party shall not be deemed to have abated or to have discontinued by reason of the merger, but may be prosecuted to final judgment, order or decree in the same manner as if the merger had not been made; or the corporation into which such other corporation shall have been merged may be substituted as a party to such action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against such other corporation

(New Jersey - cont'd.)

if the merger had not occurred." (Laws of 1925, ch. 198, ch. 197, and ch. 203; Banking Law Pamphlet, 1930, sec. 18, pp. 62-63, sec. 26, pp. 122-123 and sec. 8, pp. 158-159.)

Maintenance of offices of merged corporations; capital required for each office, number further limited according to population.

The resulting corporation, "with the written approval of the Commissioner of Banking and Insurance, may continue to conduct business at the location or locations of the office or offices heretofore established by the merged corporations and under such office designation as the Commissioner of Banking and Insurance may approve"; but the paid-in capital of the resulting corporation must be, if it is a bank, at least fifty thousand dollars, and, if it is a trust company, at least one hundred thousand dollars, for each office thereafter to be maintained. Further limitations on the maintenance of such offices are that the resulting corporation can maintain but one office within the corporate limits of a municipality "where the population by the last decennial census is less than twenty-five thousand; not more than two offices where such population by said census is more than twenty-five thousand and not more than fifty thousand; not more than three offices where such population by said census is more than fifty thousand and not more than one hundred thousand and where such population is more than one hundred thousand only such number of offices as the Commissioner of Banking and Insurance may approve." In case of a merger of trust companies, it is provided further "that the commissioner of banking and insurance shall not approve the maintenance of more offices by the continuing corporation than the corpora-

(New Jersey - cont'd.)

tion into which the other corporation or corporations shall be merged was authorized to maintain prior to the date of the merger agreement, unless at the time of such approval national banking associations organized under the laws of the United States and located in New Jersey shall by an act of Congress be enabled to originally establish branch offices or agencies for the transaction of their business in this State." (Laws of 1925, ch. 198, as amended by Laws of 1927, ch. 21, ch. 197, and ch. 203, as amended by Laws of 1927, ch. 14; Banking Law Pamphlet, 1930, sec: 19, p. 63, sec. 27, p. 123 and sec. 9, p. 159.)

Issuance of new certificates of stock.

The new corporation may require the return of the original certificates by the stockholders in any of the merging corporations and may issue in lieu thereof new certificates. (Laws of 1925, ch. 198, ch. 197 and ch. 203; Banking Law Pamphlet, 1930, sec. 20, p. 64, sec. 28, p. 125 and sec. 10, p. 160.)

Dissenting stockholders, rights of.

There are also detailed provisions giving the right to stockholders of any of the merging corporations who did not vote for or object to the merger to demand payment for their shares of stock, and prescribing the procedure and conditions for securing such payment. (Laws of 1925, ch. 198, ch. 197 and ch. 203; Banking Law Pamphlet, 1930, sec. 21, p. 64, sec. 29, pp. 125-126 and sec. 11, p. 160.)

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(New Jersey - cont'd.)

Consolidation of State bank or trust company with national bank;
surrender of charter.

When two-thirds of the stockholders of any State bank or trust company give their written consent to consolidate with a national bank, and the directors of such bank or trust company file in the Department of Banking and Insurance a certificate under their hands that such consent has been given and that the directors intend to act in pursuance thereof, such bank or trust company "shall be deemed and taken to have surrendered its charter". (Laws of 1902, ch. 28 and Laws of 1920, ch. 300, as amended by Laws of 1928, ch. 208 and ch. 207; Banking Law Pamphlet, 1928, sec. 1, p. 47, and sec. 8, p. 98.)

Continuance of corporate existence for three years for certain purpose.

It is provided, however, that every such State bank or trust company "shall be continued a body corporate for the term of three years after the time of such surrender for the purpose of prosecuting and defending suits by or against it, and closing its concerns, but not for any other business or purposes whatsoever". The board of directors of the consolidated bank is to act as, and be taken to be, the board of directors of such bank or trust company while closing its concerns during such three year period. (Laws of 1902, ch. 28, and Laws of 1920, ch. 300, as amended by Laws of 1928, ch. 208 and ch. 207; Banking Law Pamphlet, 1928, sec. 1, p. 48, and sec. 8, p. 99.)

(New Jersey - cont'd.)

Legal effect of consolidation:

(a) of State with national bank.

"When the charter of such bank shall be surrendered to the State, as hereinabove provided, and any such bank shall have been organized as or consolidated with a banking association under the laws of the United States, or have become capable in law as a new or consolidated national bank to take and hold property, all the assets, real and personal, choses in action and all rights and privileges of every nature and description, of any such bank shall immediately, by act of law and without any conveyance or transfer, be vested in and become the property of the said association, formed or consolidated as aforesaid under the laws of the United States, to be held by said association or its stockholders in as ample and beneficial manner for all purposes as the same can, by virtue of the laws of the United States, be held and enjoyed; but nothing in this section shall be so construed as to impair the obligation existing in the first section of this act." (Laws of 1902, ch. 28, as amended by Laws of 1928, ch. 208; Banking Law Pamphlet, 1928, sec. 4, p. 50.)

(b) of trust company with national bank.

In this connection the laws provide " * * * that all rights, privileges, choses in action, property, real and personal, and all trust powers, duties, designations and appointments made or contained by or in any deed, will, instrument, order or decree,

(New Jersey - cont'd.)

executed or made before the filing of such certificate, shall vest in, devolve upon, and inure to the benefit of said new or consolidated national bank." (Laws of 1920, ch. 300, as amended by Laws of 1928, ch. 207; Banking Law Pamphlet, 1928, sec. 8, p. 99.)

Dissenting stockholders, rights of.

The laws also contain detailed provisions with reference to the rights of stockholders who dissent to the consolidation. (Laws of 1902, ch. 28, and Laws of 1920, ch. 300; Banking Law Pamphlet, 1928, secs. 2, and 3, pp. 48 and 49, and sec. 9, p. 99.)

Extent of act relating to consolidation of State bank with national bank.

"The authority conferred by this act may be exercised by the stockholders of any bank incorporated or organized by the authority of this state, notwithstanding said bank may have been converted into a national banking association under the laws of the United States prior to the passage of this supplement." (Laws of 1902, ch. 28; Banking Law Pamphlet, 1928, sec. 5, p. 50.)

Merger or consolidation of corporations "for the insurance or guaranty of title to lands" with trust companies.

The laws of New Jersey also contain detailed provisions providing for and regulating the merger or consolidation of corporations "for the insurance or guaranty of title to lands" with State trust companies which, in many respects, are substantially similar to the

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provisions digested above. (Laws of 1923, ch. 97; Banking Law Pamphlet, 1930, secs. 1-6, pp. 146-150.)

NEW MEXICO.Consolidation or merger of banks or trust companies.

The laws of New Mexico covering banks and trust companies do not contain provisions having specific reference to the merger, consolidation, etc., of such institutions; but these laws do provide that "Except as here-in limited incorporated banks shall exercise and enjoy all the rights and privileges and be subject to all the liabilities and restrictions provided by law for corporations in general." (Laws of 1915, ch. 67, sec. 55; New Mexico Stats., Annot., 1929, sec. 13-156, p. 325; Banking Law Pamphlet, 1929, sec. 55, p. 20.) These so-called banking laws also provide that the word "bank", as used therein, includes commercial banks, savings banks and trust companies but does not include national banks. (Laws of 1915, ch. 67, sec. 2; New Mexico Stats., Annot., 1929, sec. 13-102, p. 316; Banking Law Pamphlet, 1929, sec. 2, p. 5.)

The law covering "corporations in general" contain elaborate consolidation or merger provisions, (Laws of 1905, ch. 79, secs. 109-115; New Mexico Stats., 1929, secs. 32-213 to 32-219 inclusive) and also provide that such provisions shall be held applicable to banks and trust companies. (Laws of 1905, ch. 79, sec. 131; New Mexico Stats., Annot., 1929, sec. 32-234). Such provisions are set forth below.

Authority for consolidation or merger.

"Any two or more corporations organized under any law or laws

(New Mexico - cont'd.)

of this state for the purpose of carrying on any kind of business of the same or a similar nature may merge or consolidate into a single corporation, which may be either one of said merging or consolidating corporations, or a new corporation to be formed by means of such merger and consolidation." (Laws of 1905, ch. 79, sec. 109; New Mexico Stats., Annot., 1929, sec. 32-213, p. 483.)

Directors' agreement to merge or consolidate; contents of.

The directors of the several corporations involved may under corporate seal enter into a "joint agreement" for the merger or consolidation of such corporations. The agreement must prescribe the terms and conditions of the merger or consolidation, the mode of carrying it into effect, the name of the resulting corporation with the number, names and residences of its first directors and officers, the number and value of the shares of capital stock, the manner of converting the stock of the constituent corporations into stock of the resulting corporation, and, if a new corporation is created, how and when the directors and officers will be chosen or appointed. The agreement may also contain such other provisions as the contracting directors may deem necessary to perfect such merger or consolidation. (Laws of 1905, ch. 79, sec. 110, subd. 1; New Mexico Stats., Annot., 1929, sec. 32-214, subd. 1, pp. 483 and 484.)

Submission of agreement to stockholders; approval of; effect of.

The agreement must be submitted to the stockholders of each of the corporations involved at a special meeting after twenty days' notice of the time, place and object of such meeting has been given to each stock-

(New Mexico - cont'd.)

holder. If two thirds of the stockholders of each corporation vote for the adoption of the agreement, that fact must be certified thereon by the secretary of each corporation under its corporate seal. The agreement so adopted and certified must be filed with the state corporation commission and then must "be deemed and taken to be the agreement and act of merger or consolidation of the said corporations." A copy of this agreement certified under seal by the corporation commission is "evidence of the existence of such new or consolidated corporation." (Laws of 1905, ch. 79, sec. 110, subd. 2; New Mexico Stats., Annot., 1929, sec. 32-214, subd. 2, p. 484.)

Legal effect of consolidation or merger.

"Upon making and perfecting the said agreement and act of merger or consolidation, and filing the same, in the office of the state corporation commission, the several corporations shall be one corporation, by the name provided in said agreement (in case a new corporation shall be created thereby), or by the name of the consolidated corporation into which said other contracting corporation or corporations, shall be so merged or consolidated, as the case may be, and possessing all the rights, privileges, powers and franchises, as well of a public as of a private nature, and being subject to all the restrictions, disabilities and duties of each of such corporations so merged or consolidated, except as altered by the provisions of this article." (Laws of 1905, ch. 79, sec. 111; New Mexico Stats., Annot., 1929, sec. 32-215, p. 484.)

"Upon the consummation of said act of merger or consolidation, all and singular, the rights, privileges, powers and franchises of each

(New Mexico + cont'd.)

of said corporations, and all property, real, personal and mixed, and all debts due on whatever account, as well for stock subscriptions as all other things in action or belonging to each of such corporations, shall be vested in the consolidated corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the consolidated corporation as they were of the several and respective former corporations, and the title to any real estate, whether by deed or otherwise, under the laws of this state, vested in either of such corporations, shall not revert or be in any way impaired by reason of this article: Provided, that all rights of creditors and all liens upon the property of either of said former corporations shall be preserved unimpaired, and the respective former corporations may be deemed to continue in existence, in order to preserve the same; and all debts, liabilities and duties of either of said former corporations shall thenceforth attach to said consolidated corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." (Laws of 1905, ch. 79, sec. 112; New Mexico Stats., Annot., 1929, sec. 32-216, p. 484.)

Dissenting stockholders, rights of.

Provision is made for the appraisal and payment of the value of stock held by any stockholder of any of the corporations involved who did not vote in favor of the merger or consolidation. (Laws of 1905, ch. 79, secs. 113 and 114; New Mexico Stats., Annot., 1929, secs. 32-217 and 32-218, pp. 484 and 485.)

(New Mexico - cont'd.)

State corporations authorized to merge with corporations of "other states and territories."

"Corporations organized under the laws of other states and territories may also be merged with corporations organized under the laws of this state, in accordance with the provisions of this article." (Laws of 1905, ch. 79, sec. 115; New Mexico Stats., Annot., 1929, sec. 32-219, p. 485.)

Consolidated corporation authorized to issue bonds and mortgage property.

The consolidated corporation is authorized to issue bonds or other obligations "to an amount sufficient with its capital stock to provide for all the payments it will be required to make or obligations it will be required to assume," in order to effect the merger or consolidation; and to secure the payment of such bonds or obligations it may mortgage its property. The consolidated corporation may also purchase and sell stocks of other corporations and may issue capital stock to the stockholders of the constituent corporations in exchange or payment for their original shares in the manner and on the terms specified in the agreement of merger or consolidation. (Laws of 1905, ch. 79, sec. 115; New Mexico Stats., Annot., 1929, sec. 32-219, p. 485.)

Sale or purchase of assets.

The laws also provide that "any corporation * * * shall have power to sell, convey and transfer or exchange all of its assets, property, rights, privileges, franchises (except its primary franchise), good will, easements, rights of way, and all other property and property rights it

(New Mexico - cont'd.)

may use or possess; Provided, however, that no corporation shall have the right to sell, transfer or exchange any contract, or property, or rights derived therefrom or thereunder, not assignable by its terms." (Laws of 1927, ch. 85, sec. 1; New Mexico Stats., Annot., 1929, sec. 32-1201, p. 514.)

Any corporation is also empowered "to purchase and acquire all of the assets, property, rights, privileges, franchises (except its primary franchise), good will, easements, rights of way, and all other property and property rights, of any other corporation * * * ". (Laws of 1927, ch. 85, sec. 2; New Mexico Stats., Annot., 1929, sec. 32-1202, p. 514.)

Consent of stockholders necessary.

The consent of two-thirds of the stockholders of the vendor corporation to "such sale or exchange" is required which shall be given at a special meeting called for that purpose, "or if the by-laws fail to provide for special meetings, then according to requirement for notice of annual meeting, which notice shall clearly state the time, place and purpose of such meeting". (Laws of 1927, ch. 85, sec. 3; New Mexico Stats., Annot., 1929, sec. 32-1203, p. 515.)

Dissenting stockholders of the vendor corporation may notify its secretary in writing of the fact of their objection to the proposed sale or exchange on or before the day of the meeting of the stockholders. Within ninety days after the sale or

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exchange, the vendee corporation, upon demand of such dissenting stockholders and upon their surrender to the vendor corporation of their stock for cancellation, shall pay them the market value of their stock, which in no event can be less than the book value of such stock according to the last balance sheet of the selling corporation. Amounts so paid shall be deducted from the purchase price of the property in question. (Laws of 1927, ch. 85, sec. 3; New Mexico Stats., Annot., 1929, sec. 32-1203, p. 515.)

Limitations on actions to question legality of sale.

Suits to attack any sale or exchange must be brought within three months after the recording of the conveyance or other instrument evidencing such sale in the county wherein the property or any part of it sold or exchanged is located. (Laws of 1927, ch. 85, sec. 4; New Mexico Stats., Annot., 1929, sec. 32-1204, p. 515.)

NEW YORK.Merger of banks and trust companies.

The laws of New York provide that "Any two or more corporations, other than savings banks, organized under any one article of this chapter (ch. 2 of the Consolidated Laws of 1914, ch. 369, as amended) or under the laws of this state for the purposes or any of them mentioned in any one article of

(New York - cont'd.)

this chapter, or for the purposes or any of them mentioned in both articles three (covering banks) and five (covering trust companies) of this chapter, are hereby authorized to merge one or more of such corporations into another of them as prescribed in succeeding sections of this article." (Banking Law, sec. 487, subd. 1.)

With particular reference to savings banks, the laws provide that any two of such banks "located in a city of the first class and in the same county or borough, or any two or more savings banks located elsewhere in the state and in the same or adjoining counties, are hereby authorized to merge as prescribed in succeeding sections of this article." (Banking Law, sec. 487, subd. 2.)

The laws also provide that "Any national banking association is hereby authorized to merge itself into a State bank or trust company located in the same county, city, town or village in the manner prescribed in succeeding sections of this article." (Banking Law, sec. 487, subd. 3.)

Agreement for merger.

The boards of directors of each of the corporations which are a party to the merger, by a vote of the majority, or, if the corporations are savings banks, by a vote of two-thirds of the entire membership of each board of trustees, may make or authorize to be made a written merger agreement in duplicate and under corporate seal. A sworn copy of the proceedings of such meetings, made by the respective secretaries, is presumptive evidence of the holding and action of such meetings. (Banking Law, sec. 488.)

(New York - cont'd.)

What agreement merger must specify.

The merger agreement must specify each corporation to be merged and the corporation which is to receive the merging corporation or corporations "and it shall prescribe the terms and conditions of the merger and the mode of carrying it into effect." It may provide the name of the receiving corporation, which may be the name of any of the merging corporations, and it may also name the persons who will constitute the board of directors or trustees of the receiving corporation; but the number and qualifications of such directors or trustees must be in accordance with the provisions of law relating to the number and qualifications of directors or trustees of the class of corporation into which the merging corporation or corporations are merged; "or, except in the case of savings banks, such agreement may provide for a meeting of the shareholders or stockholders to elect a board of directors within sixty days after such merger, and may make provision for conducting the affairs of the corporation meanwhile." In case of a merger agreement between trust companies, the agreement must provide that the directors named or elected, after qualifying, shall divide themselves into classes as provided by the pertinent provisions of the law covering trust companies, and that they may adopt new by-laws for the resulting corporation. (Banking Law, sec. 488.)

Agreement must be submitted to superintendent for approval.

The merger agreement and sworn copies of the proceedings of the boards of directors or trustees at which the making of the agreement was authorized, must be submitted in duplicate to the superintendent of banks

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for his approval. (Banking Law, sec. 489.)

Submission of approved agreement to stockholders necessary.

Except in the case of savings banks, the merger agreement must be submitted to a special meeting of the stockholders of the merging corporations within sixty days after notice of its approval by the superintendent of banks. If it is approved by two-thirds of the stockholders of each of the corporations, or in the case of "savings and loan associations by the affirmative vote of at least two-thirds of the members present in person or by proxy at such meetings," provided a copy of the merger agreement shall have accompanied the required notice by mail of such special meetings, it then becomes binding upon the corporations involved in the merger. (Banking Law, sec. 490.)

The merger agreement of savings banks, within sixty days after notice to such banks of its approval by the superintendent of banks, must be submitted to a special meeting of the board of trustees of each of the savings banks. A notice of at least fifteen days specifying the time, place and object of the meeting, and accompanied by a complete copy of the merger agreement, must be given by mail to each trustee. If the agreement is approved by a vote of three-fourths of all the members of each board of trustees, it then becomes binding upon such savings banks. (Banking Law, sec. 491.)

Filing of approved agreement and copies of proceedings.

After the agreement has become binding upon the merging corporations, one copy with a copy of the written approval of the superintendent and a sworn copy of the proceedings of the meetings at which the agreement was approved, made by the respective secretaries, must be filed in the

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office of the superintendent. Another like copy of such agreement, approval and proceedings must be filed in the office of the clerk of the county in which is located the principal place of business of the receiving corporation. (Banking Law, sec. 492.)

When merger takes effect.

Upon filing of the papers as above prescribed, "the merger agreement shall take effect according to its terms and the merger shall thereupon take place as provided in the agreement." (Banking Law, sec. 493.)

Legal effect of merger.

"Upon the merger of any corporation into another as provided in this article:

"1. Its corporate existence shall be merged into that of such other corporation; and all and singular its rights, privileges and franchises, and its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest or asset of conceivable value or benefit then existing which would inure to it under an unmerged existence, shall be deemed fully and finally, and without any right of reversion, transferred to and vested in the corporation into which it shall have been merged, without further act or deed, and such last-mentioned corporation shall have and hold the same in its own right as fully as the same was possessed and held by the merged corporation from which it was, by operation of the provisions of this article, transferred.

"2. Its rights, obligations and relations to any person, credi-

(New York - cont'd.)

tor, depositor, trustee or beneficiary of any trust, shall remain unimpaired, and the corporation into which it shall have been merged shall by such merger succeed to all such relations, obligations, trusts and liabilities, and shall execute and perform all such trusts, in the same manner as though it had itself assumed the relation or trust, or incurred the obligation or liability; and its liabilities and obligations to creditors existing for any cause whatsoever shall not be impaired by such merger; nor shall any obligation or liability of any stockholder or shareholder in any corporation which is a party to such merger be effected by any such merger, but such obligations and liabilities shall continue as fully and to the same extent as existed before such merger.

"3. A pending action or other judicial proceeding to which any corporation that shall be so merged is a party, shall not be deemed to have abated or to have discontinued by reason of the merger, but may be prosecuted to final judgment, order or decree in the same manner as if the merger had not been made; or the corporation into which such other corporation shall have been merged may be substituted as a party to such action or proceeding, and any judgment, order or decree may be rendered for or against it that might have been rendered for or against such other corporation if the merger had not occurred." (Banking Law, sec. 494.)

Issuance of new certificate of stock.

The receiving corporation may require the return of the original certificate of stock held by the stockholders in the merging corporations and may issue new certificates in lieu thereof. (Banking Law, sec. 495.)

(New York - cont'd.)

Dissenting stockholders, rights of.

The laws also contain provisions giving to stockholders of any of the merging corporations who did not vote in favor of the merger, the right to object thereto and demand payment for their shares; in the case of savings and loan association or credit unions, if such stockholders are borrowers, to demand liquidation of their obligations and cancellation of their shares. (Banking Law, sec. 496.)

Consolidation of State bank or trust company with national bank.

Whenever a State bank or trust company "shall have become consolidated" with a national bank it must notify the superintendent of banks of such fact "and shall file with him a copy of its authorization as a national banking association or a copy of the certificate of approval of consolidation, certified by the Comptroller of the Currency." (Banking Law, secs. 137 and 226.)

Legal effect of consolidation.

Upon doing the acts above described, such State bank or trust company "shall thereupon cease to be a corporation under the laws of this state, except that for the term of three years thereafter, its corporate existence shall be deemed to continue for the purpose of prosecuting or defending suits by or against it, and enabling it to close its concerns, and to dispose of and convey its property". Such consolidation does not release any such State bank or trust company from its obligations to pay and discharge all the liabilities created by law or incurred by it, or any tax imposed by the laws of this state in proportion to the time which has elapsed since the next preceding payment therefor, or any assessment,

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penalty or forfeiture imposed or incurred under the laws of this state, up to the date of its becoming consolidated with a national bank.

At the time when such consolidation becomes effective all the property of the State bank or trust company "including all its right, title and interest in and to all property of whatsoever kind, whether real, personal or mixed, and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing, belonging or pertaining to it, or which would inure to it, shall immediately by act of law and without any conveyance or transfer, and without any further act or deed, be vested in and become the property of the national bank, which shall have, hold and enjoy the same in its own right as fully and to the same extent as the same was possessed, held and enjoyed" by the State bank or trust company. The national bank is a continuation of the entity and identity of the state bank or trust company and "all the rights, obligations and relations of the State bank or trust company to or in respect to any person, estate, creditor, depositor, trustee or beneficiary of any trust, and in, or in respect to, any executorship or trusteeship or other trust or fiduciary function, shall remain unimpaired, and the national bank as of the time of the taking effect of such * * * consolidation shall succeed to all such rights, obligations, relations and trusts, and the duties and liabilities connected therewith, and shall execute and perform each and every such trust or relation in the same manner as if the national bank had itself assumed the trust or relation including the obligations and liabilities connected therewith. If the State

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bank (or trust company) is acting as administrator, co-administrator, executor, co-executor, trustee or co-trustee, of or in respect to any estate or trust being administered under the laws of this state, such relation, as well as any other or similar fiduciary relations, and all rights, privileges, duties and obligations connected therewith shall remain unimpaired and shall continue into and in said national bank from and as of the time of the taking effect of such * * * consolidation, irrespective of the date when any such relation may have been created or established and irrespective of the date of any trust agreement relating thereto or the date of the death of any testator or decedent whose estate is being so administered." Nothing done in connection with the consolidation of a State bank or trust company with a national bank, "shall, in respect to any such executorship, trusteeship or similar fiduciary relation, be deemed to be or to effect, under the laws of this state, a renunciation or revocation of any letters of administration or letters testamentary pertaining to such relation, nor a removal or resignation from any such executorship or trusteeship or other fiduciary relationship, nor shall the same be deemed to be of the same effect as if the executor or trustee or other fiduciary had died or otherwise become incompetent to act". (Banking Law, secs. 137 and 226.)

Superintendent of banks must post names and locations of merging corporations, and dates of such merger.

The superintendent of banks is required to keep in his office a bulletin board accessible to the public upon which must be posted every Friday the names and locations of all corporations that have been merged

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under any of the provisions above digested and the dates of such merger. (Banking Law, sec. 82 (12).)

NORTH CAROLINA.

Definition of the word "bank".

The term "bank" when used in the following provisions of the laws of North Carolina "shall be construed to mean any corporation, partnership, firm, or individual receiving, soliciting, or accepting money or its equivalent on deposit as a business; Provided, however, this definition shall not be construed to include building and loan associations, Morris Plan companies, industrial banks or trust companies not receiving money on deposit". (Cons. Stats. of N. C., sec. 216 (a); Banking Law Pamphlet, 1927, sec. 216 (a), p. 3.)

Consolidation or transfer of assets.

The laws of North Carolina provide that "A bank may consolidate with or transfer its assets and liabilities to another bank". (Cons. Stats. of N. C., sec. 217 (k); Banking Law Pamphlet, 1927, sec. 217 (k), p. 7.)

It is further provided that any bank or trust company incorporated under the laws of North Carolina may con-

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solidate with any national bank under the charter of the latter or under a new charter issued to such consolidated bank upon such terms and conditions as may be lawfully agreed upon, provided the laws of North Carolina governing the consolidation of such banks shall be first complied with as to the consolidation of such bank or trust company. (Laws of 1929, ch. 148, p. 171.)

Proceedings authorizing consolidation or transfer of assets; agreement; filing of.

Before such consolidation or transfer of assets can become effective, each bank involved must file with the commissioner of banks certified copies of all proceedings of its board of directors and stockholders setting forth that two-thirds of the stockholders voted for the consolidation or transfer. The stockholders proceedings must also contain a complete copy of the agreement of consolidation

(North Carolina - cont'd.)

or transfer of assets which was entered into by the banks concerned.

(Cons. Stats. of N. C., sec. 217 (k), as amended by Act of April 2, 1931; Banking Law Pamphlet, 1927, sec. 217 (k), p. 7, as amended by Act of April 2, 1931.)

Examination of banks involved; consent of commissioner of banks necessary to consolidation or transfer; notice of consolidation or transfer must be published.

When the stockholders' and directors' proceedings have been filed as above prescribed, the commissioner of banks must make an examination of each bank to determine whether the interest of the depositors, creditors, and stockholders of each bank are protected, and whether such consolidation or transfer is made for legitimate purposes. No consolidation or transfer can be made without the consent of the commissioner of banks and his consent or rejection must be based upon the examination above referred to. Expenses of such examination must be paid by the banks examined. Notice of the consolidation or transfer must be published for four weeks before or after the same is to become effective, at the discretion of the commissioner of banks, in a newspaper published in a city, town, or county in which each of the banks concerned is located. A certified copy of such published notice must be filed with the commissioner of banks. (Cons. Stats. of N. C., sec. 217 (k), as amended by Act of April 2, 1931; Banking Law Pamphlet, 1927, sec. 217 (k), p. 7, as amended by Act of April 2, 1931.)

Rights of creditors not impaired by consolidation or transfer; corporate existence continued for three years.

In case of either transfer or consolidation the rights of creditors

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are preserved unimpaired, and the respective companies are continued in existence to preserve such rights for a period of three years. (Cons. Stats. of N. C., sec. 217 (k); Banking Law Pamphlet, 1927, sec. 217 (k), p. 7.)

Legal effect of consolidation.

In case of a consolidation, when the agreement for consolidation is made and a certified copy together with a certified copy of its approval by the commissioner of banks are filed with the Secretary of State, the consolidating banks "shall be held to be one company, possessed of the rights, privileges, powers, and franchises of the several companies, but subject to all the provisions of law under which it is created." Directors and other officers named in the agreement, may serve until the first annual meeting for election of officers and directors, the date for which must be named in the agreement. "On filing such agreement, all and singular, the property and rights of every kind of the several companies shall thereby be transferred and vested in such new company, and be as fully its property as they were of the companies parties to the

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agreement." (Cons. Stats. of N. C., sec. 217 (1), as amended by Act of April 2, 1931; Banking Law Pamphlet, 1927, sec. 217 (1), p. 7, as amended by Act of April 2, 1931.)

A similar provision is made in the case of the consolidation of a State bank or trust company with a national bank under the charter of the latter or under a new charter; and it is expressly provided that the right of succession as trustee, executor or any other fiduciary capacity shall pass to the consolidated institution. (Laws of 1929, ch. 148, p. 171.)

NORTH DAKOTA.Consolidation or merger of "banking associations".

The laws of North Dakota provide that any two or more State banking associations "may consolidate their capital, assets, and liabilities,

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or one or more of such associations may be merged into another" in the manner set out below. (Supp. to 1913 Comp. Laws, sec. 5191c1; Banking Law Pamphlet, 1929, sec. 5191c1, p. 52.)

Meaning of terms.

"The term 'consolidation' as used herein shall mean the consolidation of the liabilities, assets and corporate existence of two or more associations into a single association, which shall issue its stock to stockholders in the consolidating associations in return for the assets of the consolidating associations.

"The term 'merger' as used herein shall mean the taking over, or the absorption of the assets of one association by another, and the assumption of the liabilities of the association, or associations, whose assets and liabilities are taken over.

"The term 'old association' where hereinafter used means the associations which are consolidating or merging into the other associations, and the term 'new association' means the association into which the other associations are being consolidated or merged." (Supp. to 1913 Comp. Laws, sec. 5191c2; Banking Law Pamphlet, 1929, sec. 5191c2, p. 52.)

Meeting to act upon consolidation or merger; notice of.

If two or more banking associations desire to consolidate or merge, the directors of each association "shall call a special meeting of the stockholders", the notice of which must state definitely the purpose for which it is called, to act upon the consolidation or merger, or the matters may be acted on at a regular stockholder's meeting. In the latter

(North Dakota - cont'd.)

event, notice that the consolidation or merger will be considered must be given to each stockholder at least ten days prior to the meeting. (Supp. to 1913 Comp. Laws, sec. 5191c3; Banking Law Pamphlet, 1929, sec. 5191c3, p. 52.)

Vote of stockholders.

The stockholders must put the question of the proposed consolidation or merger to a vote and the question so put "shall embody the proposed amount of capital stock of the consolidated or merged corporation"; but such amount may be varied by the State Examiner or court on passing on the consolidation or merger. "The proposal for consolidation or merger shall be deemed lost, unless two-thirds of all the stock shall vote in favor thereof." (Supp. to Comp. Laws of 1913, sec. 5191c4; Banking Law Pamphlet, 1929, sec. 5191c4, p. 52.)

Capital required of new association.

A consolidation can not be made unless the new association "have a capital of at least two-thirds of the aggregate capital of the old associations, but it may have a larger capital than that of the old associations." (Supp. to 1913 Comp. Laws, sec. 5191c5; Banking Law Pamphlet, 1929, sec. 5191c5, p. 52.)

Time of stockholders meeting.

The several stockholders meetings at which the consolidation or merger is acted upon must be held at such times that the result of all of them may be certified to the State Examiner within thirty days from the date of the holding of the first meeting. The result of each meeting,

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within ten days after it is held, must be certified to the State Examiner by the chairman and secretary of the meeting. (Supp. to 1913 Comp. Laws, sec. 5191c6; Banking Law Pamphlet, 1929, sec. 5191c6, p. 53.)

Examination of consolidating associations.

Upon receiving certificates showing favorable action by all of the consolidating associations, "the state Examiner shall cause a thorough examination of the condition of the said associations to be made with a view of determining whether their condition is such that the proposed consolidation or merger would result in a sound and efficient banking association adapted to the needs of the community in which it is proposed to operate." (Supp. to 1913 Comp. Laws, sec. 5191c7; Banking Law Pamphlet, 1929, sec. 5191c7, p. 52.)

Notice of findings; State Examiner may require changes in conditions.

Upon completing his examination, the State examiner must advise each of the associations if he finds that a consolidation or merger is desirable. If the conditions existing are not desirable for the consolidation or merger, the State Examiner shall indicate any changes therein necessary to correct the situation; and he may prescribe a time within which such changes may be made to warrant his approval. (Supp. to 1913 Comp. Laws, sec. 5191c8; Banking Law Pamphlet, 1929, sec. 5191c8, p. 53.)

Appeal may be taken from adverse decision of State Examiner.

If the State examiner reaches a decision adverse to the consolidation or merger, an informal appeal may be made to the Banking Board, "and the Board shall, as speedily as possible, set a time when it will hear any

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reasons that may be advanced why the findings of the State Examiner should be reversed; and upon such hearing, it shall make such order as seems proper in the premises." (Supp. to 1913 Comp. Laws, sec. 5191c8; Banking Law Pamphlet, 1929, sec. 5191c8, p. 53.)

Finding favorable to consolidation or merger, representative of participating associations must meet; schedule of assets; proportion of stock to be accredited to old stockholders.

If the State examiner, or the Banking Board on appeal, finds favorably with reference to the consolidation or merger, each of the participating associations, by its Board of Directors, must appoint one or more representatives to meet with the representatives of the other association. These representatives must determine and make a schedule of the assets of each of the participating associations and must also "schedule all the indebtedness of the old associations, and only such assets shall be retained by the old associations as the State Examiner shall deem not proper assets to be held by the new association". In case of a consolidation, the representatives must agree upon the proportion of the stock in the new association to be accredited to the stockholders of each of the old associations; "but the distribution of such stock among the stockholders of the several old associations shall be by the old associations as hereinafter provided for." (Supp. to 1913 Comp. Laws, sec. 5191c9; Banking Law Pamphlet, 1929, sec. 5191c9, p. 53.)

Schedules and agreement must be put in writing; State examiner may approve or disapprove; appeal from decision of.

The schedules and agreement above referred to must be put in writing and signed in duplicate by the representatives of the old associa-

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tions and are "binding upon them and non-revocable". If the associations cannot agree, no consolidation or merger shall take place. Upon "agreeing and signing the agreement as aforesaid, one of the duplicates shall be delivered to the State Examiner who may either approve or disapprove the same, or make suggestions for the modification thereof as a condition of approval, and he may fix a time within which the conditions shall be met, and likewise agreed to in writing are resubmitted to him. And in this case likewise the association may informally appeal from the decision of the State Examiner to the Banking Board." (Supp. to 1913 Comp. Laws, sec. 5191c10; Banking Law Pamphlet, 1929, sec. 5191c10, pp. 53 and 54.)

Approval of agreement; notice to participating associations.

If the State Examiner, or the Banking Board on appeal, approves the agreement or modified agreement, an endorsement to this effect must be made on the duplicate of the agreement held by the State Examiner, "and each of the associations shall be immediately notified of such approval." (Supp. to 1913 Comp. Laws, sec. 5191c11; Banking Law Pamphlet, 1929, sec. 5191c11, p. 54.)

After notice of approval, petition for decree of consolidation or merger must be filed with district court.

After notice of the above approval has been received by the participating associations, they must "file in the office of the clerk of the district court of the county in which at least one of the associations is doing business, a petition asking for a decree of consolidation or merger". Such petition must set out the "names and location of the new

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association, and shall recite briefly the taking of the several successive steps hereinbefore provided for and a statement of the amount of the assets and indebtedness of each of the old associations to be transferred to and assumed by the new association, the amount of the capital stock, and the amount thereof to be apportioned to the stockholders of each of the old associations and the names of the first board of directors of the new association." (Supp. to 1913 Comp. Laws, sec. 5191c12; Banking Law Pamphlet, 1929, sec. 5191c12, p. 54.)

Notice of filing of petition to be issued by clerk of court; publication of.

When such petition has been filed, the Clerk of the district court must issue a notice which must set out (1) that the petition has been filed in his office, (2) that the effect of the consolidation or merger will be to transfer the principal assets of the petitioning associations to the new association and to create in the latter association a liability to pay all of the debts of the petitioning associations and to establish a novation by the petitioning associations, creditors, and the new association, and (3) that a hearing in the office of the clerk on the petition will be held on a specified date. This notice must be signed by the clerk and attested by the seal of the court and must be published for a certain length of time "in some newspaper qualified to publish legal notices in the county in which such petition is filed." Proof of such publication must be filed with the clerk of the district court. (Supp. to 1913 Comp. Laws, sec. 5191c13; Banking Law Pamphlet, 1929, sec. 5191c13, p. 55.)

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Decree of court permitting consolidation or merger.

If no objection has been made to the petition within twenty days after its last publication, "the court shall at once upon the showing of the default, make its decree permitting the consolidation, or merger, as the case may be." (Supp. to 1913 Comp. Laws, sec. 5191c14; Banking Law Pamphlet, 1929, sec. 5191c14, p. 55.)

Opposition to petition; stay of proceedings, bond; decree.

Any opposition to the petition made by any creditor will be heard by the court and the only cause for denying the petition "shall be that the objecting creditor is in danger of being substantially damaged in his financial rights". If the creditor establishes this fact, the court may order the proceedings to be stayed; but if a bond of indemnity is given to the creditor to the effect that all of his legal claims will be paid by the new association when due "the proceedings shall be considered as though no opposition had been made thereto" and the court shall accordingly enter its decree permitting the consolidation or merger.

(Supp. to 1913 Comp. Laws, sec. 5191c15; Banking Law Pamphlet, 1929, sec. 5191c15, p. 55.)

General effect of decree.

"The effect of a decree permitting consolidation, or merger, shall be to bar forever all objections thereto, and to establish a complete novation between the old associations, and creditors, and the new association to the end that from that time henceforth, the old associations are relieved of all liability to creditors, all such creditors having a valid and legal claim against the new association to the full extent that they had

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a claim against any of the old associations, and the new association is liable for all indebtedness of all the old associations to the same extent that they were liable, and all of the stockholders' liability, as stockholders, in the several old associations are merged into their stockholders' liability as stockholders in the new association." (Supp. to 1913 Comp. Laws, sec. 5191c16; Banking Law Pamphlet, 1929, sec. 5191c16, pp. 55 and 56.)

Conclusiveness of decree.

The decree of the district court is "final and conclusive, not subject to appeal, nor to motion to vacate or set aside, and not subject to be set aside or vacated on motion for a new trial." (Supp. to 1913 Comp. Laws, sec. 5191c17; Banking Law Pamphlet, 1929, sec. 5191c17, p. 56.)

Objections, who may make; dissenting stockholders, rights of.

No stockholder who voted, or refrained from voting, for a consolidation or merger, can object thereto; but any stockholder who voted against such consolidation or merger, at any time prior to the filing of the petition in court, may file objection and appear before the State examiner or Banking Board and show cause why the consolidation or merger should not be allowed, "but the determination of the State Examiner or the Banking Board shall be conclusive of his rights." No action or proceeding in court can be maintained by any person questioning the validity of the consolidation or merger, or to recover anything on account thereof, unless such action or proceeding was commenced prior to the time of entry of the decree of consolidation or merger. The court in which the petition for consolidation or merger is filed or the appropriate federal court has

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"exclusive jurisdiction of such action or proceedings." (Supp. to 1913 Comp. Laws, sec. 5191c18; Banking Law Pamphlet, 1929, sec. 5191c18, p. 56.)

Decree of merger or consolidation, when necessary to do further acts after; contents of decree of consolidation; filing of certified copy of decree; issuance of certificate of authority.

When a decree of merger has been entered, "no further act shall be necessary to be done, except to make the transfers of the assets from the old associations to the association into which they are merged;" but in case of a consolidation, the decree must specify the name and location, and the amount of capital stock of the new association with the proportions in which it is allotted to each of the old associations. The decree must also name the first board of directors, or in case of death or disability of any of such directors, "shall substitute another or others to be nominated by the petitioners."

"A certified copy of such decree" with a fee of five dollars must then be filed in the office of the Secretary of State, "and such new association shall thereupon become a banking association in all things the same as though originally organized under the Banking Laws and the Secretary of State shall thereupon issue to it a certificate of authority, as in the case of the incorporation of other banking associations, which certificate should be delivered to the State Examiner to be in turn delivered by him to the said new association upon its being made to appear to him that all the terms and conditions of the consolidation have been complied with."

(Supp. to 1913 Comp. Laws, sec. 5191c19; Banking Law Pamphlet, 1929, sec. 5191c19, p. 57.)

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Election of officers.

As soon as the certificate of authority has been delivered to the directors they must meet and elect officers, and until such election the directors shall supervise and conduct the business of the new association. (Supp. to 1913 Comp. Laws, sec. 5191c20; Banking Law Pamphlet, 1929, sec. 5191c-20, p. 57.)

Consolidation or merger, operation of old corporations must cease; officers and directors to continue; when corporate existence extinguished.

When either a consolidation or merger has been consummated, "the old associations shall cease to operate as banking associations or to transact any business other than to administer any assets that under the terms of the consolidation or merger have not been transferred. They shall not elect any new officers or directors, but the directors and officers holding at the time of the consolidation or merger shall continue and the corporation itself shall remain in existence for a period of one (1) year during which time its remaining assets, if any must be disposed of, and the proceeds distributed among its stockholders, and at the end of one year from the filing of the decree of consolidation or merger, the said old associations shall cease to exist, unless upon good cause shown, and before the expiration of the said period of one (1) year any of said old associations shall obtain from the court an order extending the time of their existence, which order shall only be granted upon a showing of a substantial reason therefor." (Supp. to 1913 Comp. Laws, sec. 5191c21; Banking Law Pamphlet, 1929, sec. 5191c21, p. 57.)

(North Dakota - con'td.)Statement as to new stock due to old stockholders; proportionment of.

When a consolidation has been completed, the board of directors of each of the old associations must furnish to the board of directors of the new association a statement of the amount of stock due to each of the stockholders of the old associations and the new association must then issue stock proportioned upon their former holdings to such stockholders. Provision is also made for the issuance of stock to stockholders where the amount to which they are entitled does not consist of even multiples of one hundred dollars. (Supp. to 1913 Comp. Laws, sec. 5191c22; Banking Law Pamphlet, 1929, sec. 5191c22, p. 57.)

Remedial purpose of above provisions; liberal construction required.

"The purpose of the Act is remedial, and it is intended to remedy a well understood condition existing in the banking business of the State of North Dakota, a part of which condition is the need of larger and stronger banking institutions, and the supplying of more efficient banking service, to various communities, and to the end that such conditions may be remedied to the utmost extent possible, this Act shall be in all things liberally construed, for the accomplishment of its ultimate purpose." (Supp. to 1913 Comp. Laws, sec. 5191c23; Banking Law Pamphlet, 1929, sec. 5191c23, p. 58.)

Additional authorization for consolidation or merger of banks.

Additional provisions covering the consolidation or merger of banks, which were enacted in 1927, provide that "any two or more banks" with the approval of the State Examiner, may consolidate or merge under the charter of either existing bank. The merger or consolidation may be

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on such terms as may be agreed upon by the majority of the board of directors of each bank, and must be "ratified and confirmed" at a special meeting by two-thirds of the stockholders of each bank. Notice of such meeting must be given to the stockholders "at least ten days prior to said meeting"; but the stockholders "may unanimously waive such notice and may consent to such meeting and consolidation or merger in writing."

(S. L. 1927, ch. 93; Banking Law Pamphlet, 1929, p. 58.)

Capital stock required of consolidated institution.

The capital stock of the "consolidated bank shall not be less than that required under existing law for the organization of a bank of the class of the largest consolidating bank." (S. L. 1927, ch. 93; Banking Law Pamphlet, 1929, p. 58.)

Report of assets and liabilities.

"The assets and liabilities of the consolidated bank shall be reported by the surviving bank." (S. L. 1927, ch. 93; Banking Law Pamphlet, 1929, p. 58.)

Legal effect of consolidation or merger under chapter 93 of laws of 1927.

"All the rights, franchises, and interest of said bank so consolidated in and to every species of property, real, personal and mixed and choses in action thereto belonging, shall be deemed to be transferred to and vested in such bank into which it is consolidated without other instrument of transfer, and the said consolidated bank shall hold and enjoy the same and all rights of property, franchises, and interests in the same manner and to the same extent as was held and enjoyed by the bank so consolidated therewith, provided, however, that the merging bank shall

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transfer to the surviving bank all of its real property by good and sufficient deed of conveyance and for that and other purposes shall remain a body corporate for a period of at least three years after merger and shall not then dissolve without the approval of the State Examiner."

(S. L. 1927, ch. 93; Banking Law Pamphlet, 1929, p. 58.)

Additional provisions with reference to legal effect of consolidation or merger of "corporations, including banks and trust companies."

Additional legislation enacted in 1927 provides further with reference to the legal effect of a consolidation or merger that "Whenever any two or more corporations, including banks and trust companies, organized under the Laws of this State have heretofore consolidated, merged or otherwise transferred, or shall hereafter consolidate, merge or otherwise transfer, its business to another corporation, including bank or trust company, organized, or to be organized, under the laws of this State, the consolidated or new corporation, by whatever name it may assume, or be known, shall, unless otherwise provided in the agreement or order of merger or consolidation, be a continuation of the entities of each and all of the corporations, including banks and trust companies, so consolidated, merged or otherwise transferred to such consolidated or new corporation for all purposes whatsoever, and all of the rights, franchises and interests of said corporations, including banks and trust companies, so consolidated, merged or transferred in and to every species of property, real, personal and mixed and choses in action thereto belonging shall be deemed to be so transferred to and vested in the corporation which acquires the same on such consolidation, merger or other transfer without any assignment, deed

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or other transfer, and such corporation shall hold and enjoy the same and all rights of property, franchises and interests in the same manner and to the same extent as was held and enjoyed by the corporation, or corporations, including banks and trust companies, so consolidated, merged or otherwise transferred, including the holding and performing by any bank or trust company of any and all trusts and fiduciary relations whatsoever as to or for which either or any of the banks or trust companies so consolidating, merging or otherwise transferring may have been, or may be appointed, nominated or designated by any will, agreement, conveyance, or otherwise, whether or not such trust or fiduciary relation shall have come into being, or shall have taken effect at the time of such consolidation, merger or other transfer." (S. L. 1927, ch. 108; Banking Law Pamphlet, 1929, pp. 58 and 59.)

OHIO.Definition of word "bank".

The term "bank" when used in the following provisions of the laws of Ohio includes commercial banks, savings banks and trust companies.

(General Code, sec. 710-2; Banking Law Pamphlet, 1928, sec. 710-2, p. 5.)

Consolidation or transfer of assets.

The laws of Ohio provide that "A bank may consolidate with or transfer its assets and liabilities to another bank". (General Code, sec. 710-86; Banking Law Pamphlet, 1928, sec. 710-86, p. 33.)

Proceedings authorizing consolidation or transfer of assets; agreement; filing of.

Before a consolidation or transfer of assets can become effective,

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each corporation concerned must file with the superintendent of banks, "certified copies of all proceedings had by its directors and stockholders which such stockholders' proceedings shall set forth that holders of at least two-thirds of the stock, voted in the affirmative on the proposition of consolidation or transfer." The stockholders' proceedings must also contain a complete copy of the agreement for consolidation or transfer of assets which was entered into by the corporations involved. (General Code, sec. 710-86; Banking Law Pamphlet, 1928, sec. 710-86, p. 33.)

Consent of commissioner of banks necessary to consolidation or transfer; appeal from adverse decision of; examination of corporations involved; publication of notice of consolidation or transfer.

When the stockholders' and directors' proceedings have been filed as above prescribed, the superintendent of banks must make an examination of each corporation "to determine whether the interests of the depositors and creditors and stockholders of each bank are protected and that such consolidation or transfer is made for legitimate purposes." No consolidation or transfer can be made without the consent of the superintendent of banks and his consent or rejection must be based upon the examination above referred to. If he refuses to give his consent, an appeal may be taken in the manner as is provided in the case of a refusal by the superintendent to certify that a new bank may commence business. Expenses of such examination must be paid by the corporations examined, and notice of the consolidation or merger "shall be published for four weeks, before or after the same is to become effective, at the discretion of the superintendent of banks, in a newspaper published in a city, village or county, in which each of such banks is located, and a certified copy thereof shall

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be filed with the superintendent of banks." (General Code, sec. 710-86; Banking Law Pamphlet, 1928, sec. 710-86, p. 33.)

Rights of creditors.

"In case of either transfer or consolidation, the rights of creditors shall be preserved unimpaired and the respective companies deemed to be in existence, to preserve such rights." (General Code, sec. 710-87; Banking Law Pamphlet, 1928, sec. 710-87, p. 33.)

Legal effect of consolidation.

"In case of consolidation, when the agreement of consolidation is made and a duly certified copy thereof is filed in the office of the secretary of state, together with a certified copy of the approval of the superintendent of banks to such consolidation, the banks, parties thereto, shall be held to be one company possessed of the rights, privileges, powers and franchises of the several companies, but subject to all provisions of law relating to the different departments of its business. The directors and other officers named in the agreement of consolidation shall serve until the first annual election, the date for which shall be named in the agreement. On filing such agreement all and singular the property and rights of every kind of the several companies, including the exclusive right in and to the corporate name of each of the banks parties to such agreement shall thereby be transferred to and vested in such new company, and be as fully its property as they were of the companies parties to such agreement. The secretary of state shall not file or record any articles of incorporation of any company organized to do the business of a bank, a building and loan association, or a mortgage or investment company, within the county within which said consolidated bank is situated, if such name,

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or the distinguishing part thereof, is that of any bank party to such agreement, or so similar thereto as to be likely to mislead the public, unless the written consent of the consolidated bank, signed by its president and secretary, be filed with such articles." (General Code, sec. 710-88; Banking Law Pamphlet, 1928, sec. 710-88, pp. 33, and 34.)

OKLAHOMA.No provisions covering consolidation, merger, etc.

The laws of Oklahoma do not contain any provisions having specific reference to the consolidation, merger, etc., of banks and trust companies.

OREGON.Consolidation of bank or trust company: transfer of assets and liabilities including trusts and fiduciary business.

The laws of Oregon provide that if two-thirds of its stockholders vote to do so, "any bank or trust company may consolidate with any other bank or trust company doing business under the laws of this state or under the laws of the United States". The written consent of the superintendent of banks is also necessary to such consolidation and it must be "upon such terms and conditions as he shall require and not otherwise". Any such bank or trust company

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may transfer its assets and liabilities, including its trusts and fiduciary business, to the proposed successor corporation; but if any trust or fiduciary business is transferred, the latter corporation must have at the time of the transfer authority from the superintendent of banks to do a trust business. When the superintendent is satisfied that the consolidation "has been completed and is effective he shall furnish the successor corporation a certificate bearing the seal of the state banking department to the effect that such consolidation has taken place and is effective". Provision is made for the recordation of this certificate and it "shall be prima facie evidence that such consolidation has been made and is effective". (Oregon Code, 1930, sec. 22-1703, as amended by General Laws, 1931, ch. 278, sec. 25, p. 466.)

The Oregon laws also provide that any bank or trust company in the process of voluntary liquidation may sell or transfer its deposit liabilities or its trust and fiduciary business to some other bank or trust company by a resolution of its board of directors authorizing such sale or transfer, and surrender its certificate of authority to the superintendent of banks; but no such sale or transfer can be made without first having obtained the written approval and consent of the superintendent of banks, and then only upon such terms and conditions as he shall require. The purchasing corporation to which any trust or fiduciary business is transferred must have at the time of such transfer authority from the superintendent of banks

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to do a trust business. When the superintendent is satisfied that the sale or transfer has been completed and is effective, "he shall furnish the purchasing corporation with a certificate bearing the seal of the state banking department to the effect that such sale or transfer has taken place and is effective". Provision is made for the recordation of this certificate and it "shall be prima facie evidence that such sale or transfer has been made and is effective". (Oregon Code, 1930, sec. 22-1702, as amended by General Laws, 1931, ch. 278, sec. 24, p. 465.)

Legal effect of sale of assets or consolidation.

If any bank or trust company sells all or any of its assets to another bank or trust company which takes over and assumes its deposit liabilities, "such corporation may not thereafter engage in the banking or trust business and shall amend its articles of incorporation by eliminating therefrom the power to engage in a banking and/or trust business or shall be and is dissolved, except for the purpose of winding up its affairs, and shall not thereafter be reinstated and shall surrender its charter. If any bank or trust company shall consolidate with another bank or trust company one of the corporations shall be dissolved, except for the purpose of winding up its affairs, and shall not thereafter be reinstated and shall surrender its charter." (General Laws of 1925, ch. 207, sec. 178, as amended by General Laws of 1929, ch. 380, sec. 40(b), p. 483.)

PENNSYLVANIA.

Merger of State banks and trust companies.

The general corporation laws of Pennsylvania provide that any State corporation may

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"merge its corporate rights, franchises, powers, and privileges with and into those of any other corporation or corporations transacting the same or a similar line of business, so that by virtue of this act such corporations may consolidate, and so that all the property, rights, franchises, and privileges then by law vested in either of such corporations, so merged, shall be transferred to and vested in the corporation into which such merger shall be made." (Act of May 3, 1909, P. L. 408, sec. 1; Banking Laws, 1930, sec. 496, p. 269.)

Procedure for merger; agreement of directors, conditions and contents of; approval of stockholders necessary to make effective.

The directors of each corporation are required to enter into a joint agreement, under the corporate seal of each corporation, for the merger and consolidation of such corporations. The agreement must prescribe the terms and conditions of the merger or consolidation, the mode of carrying it into effect, the name of the new corporation, the number, names and residences of its directors and other officers, who shall be the first directors and officers, the number and amount or par value of shares of the capital stock, and the manner of converting the capital stock of each of such corporations into the stock of the new corporation. The agreement must also set out how and when directors and officers shall be chosen, with such other details as shall be deemed necessary to perfect the consolidation and merger; but the agreement does not become effective unless it is approved by the stockholders of such corporations, in the manner hereinafter set forth. (Act of May 3, 1909, P. L. 408, sec. 2; Banking Laws, 1930, sec. 497, pp. 269 and 270.)

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Submission of agreement to stockholders; when deemed to be act of consolidation.

The agreement must be submitted at a special, or any annual, meeting of the stockholders of each of the corporations involved, and advance notice of the time, place and object of such meeting must be given in certain designated newspapers. If a majority of the entire stock of each corporation votes in favor of the agreement, merger and consolidation, then that fact must be certified under corporate seal by the secretary of each corporation. These certificates, together with the agreement, or a copy thereof, must be filed in the office of the Secretary of the Commonwealth, who shall forthwith present the same to the Governor for his approval. When approved by the Governor such agreement "shall be deemed and taken to be the act of consolidation of said corporation." (Act of May 3, 1909, P. L. 408, sec. 2; Banking Laws, 1930, sec. 498, p. 270.)

Certified copy of agreement and secretary's certificate as evidence of merger.

A certified copy of the certificate of the secretary of each of the consolidating corporations that the directors' agreement, merger and consolidation has been approved as aforesaid, and the agreement itself, or a copy thereof, filed in the office of the Secretary of the State, is evidence of the lawful holding and action of such stockholders' meetings, and of the merger and consolidation of the corporations. (Act of May 3, 1909, P. L. 408, sec. 4; Banking Laws, 1930, sec. 500, p. 272.)

Legal effect of merger; issue of "new letters patent"; payment of bonus.

Upon the filing of the papers as above described "and upon the

(Pennsylvania - cont'd.)

issuing of new letters patent thereon by the Governor, the said merger shall be deemed to have taken place, and the said corporations to be one corporation under the name adopted in and by said agreement, possessing all the rights, privileges, and franchises theretofore vested in each of them, and all the estate and property, real and personal, and rights of action of each of said corporations, shall be deemed and taken to be transferred to and vested in the said new corporation without any further act or deed: Provided, That all rights of creditors and all liens upon the property of each of said corporations shall continue unimpaired, limited in lien to the property affected by such liens at the time of the creation of the same, and the respective constituent corporations may be deemed to be in existence to preserve the same; and all debts not of record, duties, and liabilities of each of said constituent corporations shall thenceforth attach to the said new corporation, and may be enforced against it to the same extent and by the same process as if said debts, duties, and liabilities had been contracted by it." Such merger is not complete, however, and no business of any kind may be transacted until the consolidated corporation has obtained from the Governor new letters patent and has paid to the State Treasurer a certain prescribed bonus upon its capital stock, in excess of the amount of the capital stock of the consolidating corporations. New letters patent can not be issued until each of the consolidating corporations has filed with the Secretary of the Commonwealth a certificate from the Department of Revenue, setting forth that all reports required by the Department of Revenue have been duly filed, and that all State taxes due have been paid, up to and including

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the date of the proposed merger. (Act of May 3, 1909, P. L. 408, sec. 3, as amended by Act of April 29, 1915, P. L. 205; Banking Laws, 1930, sec. 499, pp. 271 and 272.)

Dissenting stockholders; rights of.

The laws of Pennsylvania also contain detailed provisions granting to stockholders in any of the consolidating corporations, who have voted against the consolidation and who "shall be dissatisfied with or object to such consolidation", the right within a certain prescribed time and upon compliance with a certain prescribed procedure, to be paid for the stock held by them. (Act of May 3, 1909, P. L. 408, sec. 5; Banking Laws, 1930, sec. 501, p. 273.)

Trust estate and property specifically transferred to and vested in consolidated corporation; obligations, duties and liabilities assumed; substitution of trustees.

Whenever a State bank exercising trust powers, or a trust company, merges or consolidates with another such bank or trust company "all the estate and property, real and personal, held by either of such merging corporations in any trust or fiduciary capacity shall be deemed and taken to be transferred to and vested in the consolidated corporation without any further act or deed or any order or decree of any court or other tribunal, and the consolidated corporation shall have and hold the same as fully as the same was possessed and held by the constituent corporations from which it was, by operation of the provisions of this act, transferred; and said consolidated corporation shall succeed to all the relations, obligations, and liabilities, and shall execute and perform all

(Pennsylvania - cont'd.)

the trusts and duties devolving upon it in the same manner as though it had itself assumed the relation or trust". (Act of May 9, 1923, P. L. 174, sec. 1; Banking Laws, 1930, sec. 502, p. 274.) If within thirty days after notice to any person or corporation interested in any trust involved in the consolidation, such person or corporation files a written objection with the consolidated corporation and applies to the court having jurisdiction of the trust estate for the appointment of a substituted trustee or other fiduciary, such court may appoint another trustee or fiduciary and may "order said consolidated corporation forthwith to file an account of such trust estate and to pay over and transfer the assets

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and property thereof to the substituted trustee or fiduciary so appointed."

(Act of May 9, 1923, P. L. 174, sec. 1; Banking Laws, 1930, sec. 503, p. 275.)

Succession of consolidated corporation to appointments of consolidating corporations.

In all cases where a State bank or trust company or a national bank located in Pennsylvania "has been heretofore, or shall hereafter be, named or appointed executor, guardian, trustee, or to any other fiduciary capacity, by or in any will, deed or other instrument, such nomination or appointment shall not be deemed to have lapsed by reason of the merger or consolidation of such company with another trust company or banking company, incorporated under any general or special law of this Commonwealth, or under any law of the United States, and located in this Commonwealth, where such merged or consolidated company is possessed of fiduciary powers, but such merged or consolidated company shall be entitled to act in the same fiduciary capacity under such instrument as the constituent company could have acted if no such merger or consolidation had been effected." (Act of April 26, 1929, P. L. 839, No. 365; Banking Laws, 1930, sec. 505, p. 276.)

Validation of exercise of fiduciary powers by consolidated corporation.

Wherever a State trust company or banking company, possessed of trust powers, or a national banking company located in Pennsylvania, formed by a merger or consolidation of two or more trust companies, or State banks or national banks, or both, "has heretofore been granted letters testamentary, or has heretofore assumed any fiduciary relationship, and

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has heretofore performed any acts pursuant thereto, under the terms of any instrument naming or appointing one of such constituent companies to any fiduciary capacity, such grant of letters, and all relationships of any fiduciary nature heretofore assumed, and all acts heretofore performed pursuant thereto by such merged or consolidated company, shall be taken to be as valid and effectual for all purposes as if such letters had been granted to, and such relationships had been assumed and acts performed by, the constituent company." (Act of April 26, 1929, P. L. 839, No. 366; Banking Laws, 1930, sec. 504, p. 275.)

Merger of national bank with State bank or trust company; definition of term "State bank".

The laws of Pennsylvania provide that the term "State Bank" as

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used in the following provisions, "shall mean a bank, trust company, or bank and trust company, organized under the laws of this Commonwealth." (Act of April 16, 1929, P. L. 522, sec. 1; Banking Laws, 1930, sec. 506, p. 277.)

Authority for merger of national bank with State bank or trust company.

Any national bank located in the State of Pennsylvania "may be merged and consolidated with any state bank, under the charter of such state bank, on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of the national banking association and of the state bank to be merged and consolidated". (Act of April 16, 1929, P. L. 522, sec. 2; Banking Laws, 1930, sec. 507, p. 278.)

Confirmation of agreement by stockholders; notice of meeting.

Before the directors' agreement for merger and consolidation becomes effective, it must be ratified and confirmed by two-thirds of the stockholders of each of the merging corporations at a meeting called by the directors, after publishing notice of the time, place and object of the meeting for two weeks in certain designated newspapers. A copy of such notice must also be sent to each shareholder at least two weeks prior to the day fixed for such meeting. Where notice of such meeting is waived in writing by all of the stockholders, the advertisements and personal notices above provided for are not required. (Act of April 16, 1929, P. L. 522, sec. 3; Banking Laws, 1930; sec. 508, p. 278.)

Capital stock of resulting corporation.

"The capital stock of the merged and consolidated state bank

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shall not be less than that required for such institutions under the laws of the Commonwealth." (Act of April 16, 1929, P. L. 522, sec. 4; Banking Laws, 1930, sec. 509, p. 279.)

Compliance with laws of United States; approval of merger agreement by Secretary of Banking.

The merger and consolidation must not be in contravention of the laws of the United States and does not become effective until the national bank has fully complied with the laws of the United States relating to the merger of national banks with State banks or providing for their liquidation or the shares thereof, "nor until the agreement entered into by the boards of directors of the institutions so merging and consolidating and ratified by the shareholders as before provided has been submitted to and approved by the Secretary of Banking". (Act of April 16, 1929, P. L. 522, sec. 5; Banking Laws, 1930, sec. 510, p. 279.)

Dissenting shareholders, rights of.

After the completion of the merger, any shareholder of the merging corporations "who has not voted for such merger and consolidation" may give notice within a certain prescribed time that he dissents from the merger and is then entitled to receive the value of the shares held by him. Detailed provision is also made for the appraisal, payment and disposition of the shares held by such dissenting stockholder. (Act of April 16, 1929, P. L. 522, sec. 6; Banking Laws, 1930, secs. 511 and 512, pp. 279 and 280.)

Legal effect of merger.

"All the rights, franchises, and interests of such national banking association, so merged and consolidated with a state bank, in and

(Pennsylvania - cont'd.)

to every species of property, real, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such state bank into which it was merged and consolidated, without any deed or other transfer; and the said merged and consolidated state bank shall hold and enjoy the same, and all rights or property, franchises and interests, including the right of succession as trustee, executor or in any tother fiduciary capacity, if qualified by its charter under the laws of this Commonwealth, in the same manner and to the same extent as was held and enjoyed by such national banking association". (Act of April 16, 1929, P.L. 522, sec. 7; Banking Laws, 1930, sec. 513, p. 280.)

Sale, assignment, etc., of franchises and property by one trust company to another.

The laws of this State also contain what is known as the "Short Merger Act". This act makes it lawful, among other things, for one trust company to sell, assign, dispose of and convey its franchises and property to another trust company, the pertinent provisions providing as follows:

"Any corporation created under the provisions of this act (the creation of banks not being provided for thereunder), and any corporation of the classes named in the second section hereof, (trust companies, i. e., title insurance companies which have accepted the provisions of subsequent supplementary acts giving them trust powers), that is now in existence by virtue of any law of this Commonwealth, may reduce its capital stock or alter and change the par value of the shares thereof,

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by a vote of the stockholders taken in the manner and under the regulations prescribed in the eighteenth, nineteenth, twentieth, twenty-first and twenty-second sections of this act; and it shall be lawful for any corporation in the same manner to sell, assign, dispose of and convey to any corporation created under or accepting the provisions of this act, its franchises, and all its property, real, personal and mixed, and thereafter such corporation shall cease to exist, and the said property and franchises not inconsistent with this act, shall thereafter be vested in the corporation so purchasing as aforesaid: * * * (Act of April 29, 1874, P.L. 73, sec. 23, as amended by Act of April 17, 1876, P. L. 30, sec. 5, and Act of June 2, 1915, P.L. 724, No. 333; Banking Laws, 1930, sec. 272, p. 153.)

RHODE ISLAND.Sale, lease or exchange of assets; no provisions covering consolidation or merger.

The laws of Rhode Island do not contain any provisions having specific reference to the consolidation or merger of banks or trust companies. The laws do provide that "Every bank, savings bank, and trust company * * * shall have all the powers, rights, and privileges, and be subject to all the duties, restrictions and liabilities, set forth in chapter two hundred and forty-eight so far only as is not repugnant to or inconsistent with the provisions of this title." (General Laws of 1923, ch. 271, sec. 1.); and chapter 248, (Section 55), as amended by P.L. 1927, ch. 1008, empowers a corporation to sell, lease or exchange all or substantially all of its assets and property, including good will "upon such terms and conditions as

(Rhode Island - cont'd.)

it deems expedient" if the holders of two-thirds of each class of its capital stock outstanding vote therefor, unless a higher proportion of affirmative votes is required by the articles of association. Section 56 of the same chapter outlines the procedure as to dissenting stockholders in such a case.

SOUTH CAROLINA.

Consolidation of State banks and trust companies with national banks and other State banks and trust companies.

With specific reference to banks and trust companies, the State of South Carolina, in an act approved April 7, 1930, provides that any State bank or trust company "may be merged or consolidated with any national banking association or associations under the charter of such national banking association or under a new charter issued as may be lawfully agreed upon," or such bank or trust company "may be merged with or consolidated"

(South Carolina - cont'd.)

with any other State bank or trust company, "provided that the laws of South Carolina governing the consolidation of State banks and trust companies shall first be complied with as to the consolidation of such banks or trust companies." (Act approved April 7, 1930, sec. 1.) The laws further provide that "All acts or parts of acts in conflict with this act are hereby repealed." (Act approved April 7, 1930, sec. 2.)

General legal effect of consolidation of banks and trust companies under provisions of act approved April 7, 1930.

When a consolidation under the provisions of the act approved April 7, 1930, "shall have been effected and approved as provided by law, all the right, franchises and interests of such bank or trust company so consolidated with the national banking association or national banking associations, or state bank or trust company, in and to every species of property, real, personal, and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such national banking association, or in such state bank or trust company into which it is consolidated, without any deed or other transfer, and the said consolidated national banking association or consolidated state bank or trust company shall hold and enjoy the same and all rights of property, franchises, and interests, or in any other fiduciary capacity in the same manner, and to the same extent, as was held and enjoyed by such bank or trust company so consolidated. In case of such consolidation the rights of creditors of such bank or trust company shall be preserved unimpaired and all lawful debts and liabilities of such bank or trust company shall be deemed to have been assumed by such consolidated national banking

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association and such consolidated state bank or trust company." (Act approved April 7, 1930, sec. 1.)

Legal effect of merger or consolidation of trust companies on trust powers and property.

"When any trust company organized under the laws of this State shall have been appointed executor of the last will of any deceased person, or administrator, with or without the will annexed, of the estate of any deceased person, or as guardian, trustee, receiver, assignee, or in any other fiduciary capacity, if such trust company has heretofore merged or consolidated with or shall hereafter merge or consolidate with any other trust company organized under the laws of this State, then, at the option of said first-mentioned company and upon the filing by it with the court having jurisdiction of the estate being administered, of a certificate of such merger or consolidation, together with a statement that such other trust company is to thereafter administer the estate held by it and an acceptance by said latter trust company of the trust to be administered, such certificate, statement and acceptance to be executed by the president or vice-president of said respective companies and to have affixed thereto the corporate seals of said respective companies, attested by the secretary thereof, and further upon the approval of said court, all the rights, privileges, title and interest in and to all property of whatever kind, whether real, personal or mixed, and things in action, belonging to said trust estate, and every right, privilege or asset of conceivable value or benefit then existing which would inure to said estate under and unmerged or unconsolidated existence of said first mentioned company, shall be fully and finally and without right or reversion trans-

(South Carolina - cont'd.)

ferred to and vested in the corporation into which it shall have been merged or with which it shall have been consolidated, without further act or deed, and such last-mentioned corporation shall have and hold the same in its own right as fully as the same was possessed and held by the corporation from which it was, by operation of the provisions of this section, transferred, and said corporation shall succeed to all the relations, obligations and liabilities, and shall execute and perform all the trusts and obligations devolving upon it, in the same manner as though it had itself assumed the relation or trust." (Code of 1922, ch. XI, sec. 10(6); Banking Law Pamphlet, 1928, sec. 10(6), p. 118.)

Certain provisions of act covering consolidation of corporations in general also apparently applicable.

Other than the provisions set forth above, the laws of South Carolina contain no further provisions specifically covering the merger of consolidation of banks and trust companies. These laws, however, contain rather elaborate provisions covering the consolidation of corporations in general (Act approved April 14, 1925); and because the above digested provisions of the act approved April 7, 1930, require consolidating banks and trust companies to comply with the "laws of South Carolina governing the consolidation of State banks and trust companies", and, particularly, because none of the provisions above digested prescribes the machinery for effecting a consolidation or covers the matter of a consolidation in as elaborate a manner as the act approved April 14, 1925, it would seem that the provisions of the latter act are the "laws of South Carolina" referred to in the act approved April 7, 1930, and that, therefore, such

(South Carolina - cont'd.)

provisions are also applicable, wherever they may be made so, to the consolidation of banks and trust companies.

The act approved April 14, 1925, except in some few irrelevant cases, specifically authorizes any two or more corporations to "consolidate into a single corporation which may be either one of said consolidated corporations or a new corporation." (Section 1.) This provision and other provisions prescribing in detail the procedure for effecting a consolidation and defining the powers, duties, rights and liabilities of the consolidated corporation are digested below.

Agreement for consolidation of corporations in general.

All or a majority of the directors of the corporations desiring to consolidate "may enter into an agreement signed by them under the corporate seals of the respective corporations, prescribing the terms and conditions of consolidation, the mode of carrying the same into effect and the manner and basis of converting the shares of each of the old corporations into the new corporation, with such other details and provisions as are deemed necessary or desirable." (Act approved April 14, 1925, No. 169, sec. 1.)

Agreement must be submitted to stockholders; notice of meeting; approval or rejection of agreement; certification of agreement to Secretary of State; recording of; charter fees.

The consolidation agreement must be submitted to a special meeting of the stockholders of each of the corporations involved, and advance notice of the time, place and object of such meeting must be given by publication at least once a week for four consecutive weeks in one or

(South Carolina - cont'd.)

more newspapers published in the county in which each corporation either has its principal office or conducts its business. A copy of such notice must also be mailed to each stockholder at least twenty days prior to the meeting. At such meeting, if a majority of the stockholders of each corporation vote to adopt the agreement, that fact must be certified under corporate seal on the agreement by the secretary of each corporation. Such certified agreement must then be signed under corporate seal by the president or vice-president and secretary or assistant secretary of each of the corporations and acknowledged under oath by such president or vice-president" to be the act, deed, and agreement of each of said corporations, respectively, and the agreement so certified and acknowledged shall be filed in the office of the Secretary of State and shall thereupon be taken and deemed to be the agreement and act of consolidation of the said corporations". A copy of the agreement and act of consolidation, certified by the Secretary of State under the seal of his office, must also be recorded with the Clerk of the Court of the county in which the principal office of the consolidated corporation is or is to be established, and with the Clerks of the Courts of the counties where the original charters of the consolidating corporations have been recorded. If any of the corporations have been created by a special act of the General Assembly the agreement must be recorded in the county where such corporation had its principal office. Such record, or a certified copy thereof is "evidence of the existence of the corporation created by the said agreement and of the observance and performance of all antecedent acts and conditions necessary to the creation thereof: Provided, That the Secretary of State shall collect charter fees as now fixed by law for granting new charters on their having the total

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capital stock of the consolidated corporation". (Act approved April 14, 1925, No. 169, sec. 1.)

Legal effect of consolidation under provisions of act approved April 14, 1925.

When the agreement is signed, acknowledged, filed and recorded, "the separate existence of the constituent corporations shall cease, and the consolidating corporations shall become a single corporation in accordance with the said agreement, possessing all the rights, privileges, powers and franchises, as well of a public as of a private nature, and being subject to all the restrictions, disabilities and duties of each of such corporations so consolidated, and all and single, the rights, privileges, powers and franchises of each of said corporations: Provided, however, where there is a right enjoyed by one corporation and a restriction as to the same matter enjoined on the other or either of the others, the latter shall prevail; and all property, real, personal and mixed, and all debts due on whatever act, and all other things, action or belonging to each of such corporations shall be vested in the consolidated corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of the consolidated corporation as they were of the several and respective former corporations, and the title to any real estate, whether by deed or otherwise, under the laws of this State, vested in either of such corporations, shall not revert or be in any way impaired by reason of this Act; provided, that all rights of creditors and all liens upon the property of either of said former corporations shall be preserved unimpaired, limited in lien to the property affected by such liens at the time of the consolidation, and all debts, liabilities and duties of the respective former corporations shall thenceforth

(South Carolina - cont'd.)

attach to said consolidated corporation, and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it." (Act approved April 14, 1925, No. 169, sec. 2.)

Dissenting stockholders, rights of.

If any stockholder in the consolidating corporation, entitled to vote, votes against the consolidation, or if any stockholder not entitled to vote, at or prior to the taking of the vote, objects thereto in writing, and, within twenty days after the consolidation agreement has been filed and recorded, demands payment of the stock held by him, the consolidated corporation "shall within thirty days thereafter pay to him the value of the stock at the time of the consolidation". Detailed provision is made for

(South Carolina - cont'd.)

the appointment of appraisers to appraise the value of the stock in case of disagreement as to its value. Stockholders who do not vote against or object to the consolidation as set forth above, cease to be stockholders in the constituent corporations and are deemed to have assented to the consolidation. (Act approved April 14, 1925, No. 169, sec. 3.)

Actions pending.

"Any action or proceeding pending by or against either of the corporations consolidated may be prosecuted to judgment, as if such consolidation had not taken place or the new corporation may be substituted in its place." (Act approved April 14, 1925, No. 169, sec. 4.)

Certain liabilities and rights not affected by consolidation.

The liability of corporations, "or of the stockholders or officers thereof, or the rights or remedies of the creditors thereof or of persons doing or transacting business therewith, shall not in any way be impaired or diminished by the consolidation of two or more such corporations under the provisions thereof." (Act approved April 14, 1925, No. 169, sec. 5.)

Bond and stock issues by consolidated corporations.

When two or more corporations are consolidated, the consolidated corporation, subject to State laws, may issue bonds or other obligations with or without coupons or interest certificates attached, to an amount sufficient with its capital stock to provide for all the payments it will be required to make or obligations it will be required to assume, in order to effect such consolidation. To secure the payment of such bonds and obligations it may mortgage the corporate franchise, rights, privileges and property. The consolidated corporation may also issue capital stock

(South Carolina - cont'd.)

to such amount as may be necessary, to the stockholders of such consolidated corporation in exchange or payment in whole or in part for the original shares in the manner and on the terms specified in the agreement of consolidation. (Act approved April 14, 1925, No. 169, sec. 6.)

Matters prohibited by certain sections of laws not validated.

"No consolidation or merger under the terms of this Act shall render valid any matter or thing declared unlawful under any provisions of Article XIV, Section 3530-3554, Volume 3, Code of Laws of South Carolina, 1922, relating to Trusts, Pools and Monopolies, or any amendment thereof now effective or hereafter adopted, and no consolidation or merger under the provisions of this Act shall be deemed to be lawfully accomplished if in contravention of any provision of Article XIV, Sections 3530-3554, Vol. 3, Code of Laws of South Carolina, 1922, relating to Trusts, Pools and Monopolies, or any amendment thereof now effective or hereafter adopted, every provision of which shall remain in full force and effect after the passage of this Act and shall in no respect be impaired thereby". (Act approved April 14, 1925, No. 169, sec. 6a.)

SOUTH DAKOTA.Consolidation of banks.

The laws of South Dakota provide that a State bank "which is in good faith liquidating its business, may for such purpose consolidate with some other bank in the same city or town by transferring its resources and liabilities to such bank with which it is in process of consolidation, but no consolidation shall be made without due notice in writing of such

(South Dakota - cont'd.)

intention, to the superintendent of banks, and not then until a thorough examination has been made by him and his consent in writing obtained; provided, that in no case may any bank consolidate for the purpose of defrauding or delaying any of its creditors." (Laws of 1909, ch. 222, art. 2, sec. 24, as amended by Laws of 1915, ch. 102, art. 2, sec. 27; South Dakota Rev. Code of 1919, sec. 8974; Banking Law Pamphlet, 1927, sec. 8974, p. 24.)

Consolidation of trust companies.

Any trust company "which is in good faith liquidating its business for the purpose of consolidating with some other like corporation may transfer its assets and liabilities to the corporation with which it is in the process of consolidation; but no such consolidation of corporations shall be made without the consent of the superintendent of banks, and not then to delay or defraud any of the creditors of either corporation." (Laws of 1911, ch. 255; South Dakota Rev. Code of 1919, sec. 9061; Banking Law Pamphlet, 1927, sec. 9061, p. 70.)

TENNESSEE.

Definition of word "bank".

The laws of Tennessee provide that the word "bank" as used in the following provisions, "shall signify, mean, cover and include every trust company, loan company, mortgage security company, safe deposit company, receiving money on deposit, and every individual, firm, corporation, association or company doing a banking, loan or discount business and receiving money on deposit and performing functions of a bank."

(Tennessee - cont'd.)

(Public Acts of 1913, ch. 20, sec. 44; Banking Law Pamphlet, with amendments to and including 1923, sec. 44, p. 28.)

Consolidation or merger of banks.

No State bank "shall have authority or power to * * * consolidate or merge with any other bank, except in pursuance of the provisions of this (1913 bank) act; * * *." (Public Acts of 1913, ch. 20, sec. 23; Banking Law Pamphlet, with amendments to and including 1923, sec. 23, p. 21.)

Procedure to merge or consolidate; application, examination, issuance of certificate by superintendent of banks, filing of.

A written application setting out all of the facts of the merger or consolidation must be filed with the superintendent of banks by the bank desiring to merge or consolidate "and before such * * * merger or consolidation becomes effective, the Superintendent of Banks must examine into the proceedings to * * * the consolidation or merger, and must issue his certificate in triplicate certifying that the * * * consolidation or merger has been in pursuance of the requirements of law." One of the certificates must be kept on file in the office of the Superintendent, one must be filed for record in the office of the Register of Deeds, of the County in which is located the bank's principal place of business, and one must be filed with the bank. The superintendent "shall issue his certificate, if the requirements of the law have been complied with * * * for such consolidation or merger, but shall refuse to issue his certificate unless the requirements of the law have been complied with; provided, however, that the capital stock of no bank shall be decreased below the minimum amount required by law for the incorporation of banks in this State." (Public Acts of 1913, ch. 20, sec. 23; Banking Law Pamphlet, with

(Tennessee - cont'd.)

with amendments to and including 1923, sec. 23, p. 21.)

TEXAS.

Purchase of assets of another bank.

The laws of Texas do not contain any provisions having specific reference to the consolidation or merger of banks or trust companies; but they do provide that "Any State bank or bank and trust company which purchases the assets of any other bank shall, before the purchase of the assets of such other bank, increase its capital to such an amount that the same will have the ratio to the total deposits of the bank, the assets of which it has purchased, as defined and required in Article 506". (Acts of 1909, 2nd C. S.; Banking Law Pamphlet, 1929, Art. 513, p. 44.)

UTAH.

Consolidation of banks.

The laws of this state specifically covering banks and trust companies do not contain any provisions expressly authorizing the consolidation, merger, etc., of such institutions; but these laws do provide that "corporations to conduct commercial or savings banks or banks having departments for both such classes of business may be formed under the provisions of chapter 1, of title 19, Compiled Laws of Utah, 1917 (Sections 860-899), respecting corporations for pecuniary profit, and all the rights, privileges, and powers, and all the duties and obligations, of such corporations and the officers and stockholders thereof shall be as provided in said chapter, except as in this chapter otherwise provided; * * *." (Comp. Laws of Utah, 1917, Title 19, ch. 6, as amended, sec.

(Utah - cont'd.)

979; Banking Law Pamphlet, 1927, sec. 979, p. 6.) "This chapter" does not provide "otherwise", so it would seem that "commercial or savings banks or banks having departments for both such classes of business" may consolidate under the following provisions.

Consolidation of corporations.

State corporations "of the same kind, engaged in the same general business, in the same vicinity, * * * may consolidate * * *."

(Laws of 1921, ch. 22, p. 76.)

Stockholders must agree.

The consolidation may be "upon such terms and conditions conformable to the law as shall be agreed upon" by a majority of the stockholders of each corporation at a special meeting after notice stating the time, place and object of such meeting has been published at least thirty days prior thereto in a newspaper in the county in which each corporation has its principal place of business. (Laws of 1921, ch. 22, p. 76.)

Consummation of consolidation.

The "consolidation may be effected either by joining two or more corporations together or by formation of a new corporation under the laws of this State for the purpose of buying in and taking over and operating the properties, rights and franchises of the corporation desiring to consolidate." And if by purchase, such purchase may be made at a private sale or any public judicial sale, "or in the enforcement of mortgages or liens". If the sale is a so-called private one, it must be approved by at least a majority of the stockholders of the selling companies, unless the

(Utah - cont'd.)

articles of association provide how and by whose authority it shall be made. In the latter event, the sale must be in accordance with such provision. If the consolidation is effected by forming a new corporation to purchase, the articles of association of the new corporation must contain, in addition to the regular contents, a provision that the corporation is formed for the purpose of purchasing in and taking over the properties, rights, privileges, and franchises of such corporations so desiring to consolidate. Such articles of association must be filed in the office of the Secretary of State, and upon his filing of the articles and issuing a certificate of incorporation to the corporation, "the association shall without further act be deemed and held to have been duly formed and created a corporation with all the powers specified," that are not inconsistent with the state constitution or laws. If the consolidation is effected by joining two or more companies together, "such consolidation shall be evidenced by a certificate under the corporate seals of the respective corporations, signed by the president and secretary of each, briefly reciting the act or acts sought to be accomplished, and describing in a general way, the property sought to be consolidated, together with the name of the corporation thus formed by amalgamation or consolidation, with such other provisions as the law may require to be inserted in the original articles of incorporation, and such others being conformable to law, as may be deemed necessary to perfect such consolidation". This certificate must be filed and recorded in the same manner as original articles of incorporation, and a copy, certified by the county clerk, must be filed with the secretary of state, "whose

(Utah - cont'd.)

certificate shall constitute such consolidated corporations, a new corporation". Any consolidated corporation has the right to work, operate, and maintain the properties acquired, and all the rights, privileges, franchises and powers named in the new articles of incorporation, including those formerly enjoyed by the original corporations. (Laws of 1921, ch. 22, pp. 76-77.)

Legal effect of consolidation.

"Upon the consummation of such consolidation, all the rights, privileges, and franchises of each of said consolidating corporations, and all the property, real and personal, and all subscriptions and debts due on whatever account, shall be deemed to be transferred to and vested in such new corporation without further act or deed; and such consolidation shall not relieve the consolidating corporations, or either of them, or the stockholders, from any liabilities, nor shall it extinguish or limit any franchise or right; but all debts, liabilities, and duties of either of said corporations shall henceforth attach to such new corporation, and be enforceable against it to the same extent as if incurred or contracted by it." (Comp. Laws of Utah, 1917, Title 19, Ch. 6, Sec. 889.)

VERMONT.Sale, lease or exchange of assets.

The banking laws of this State do not contain any provisions specifically covering the consolidation or merger of banks; but such laws do provide that "A savings bank or trust company shall not make a sale,

(Vermont - cont'd.)

lease or exchange of all of its assets pursuant to the provisions of section four thousand nine hundred and twenty-six, except with the consent of the bank commissioner given on petition and after hearing. Such notice of the hearing shall be given as the commissioner directs". (General Laws, 1917, ch. 225, sec. 5351; Banking Law Pamphlet, 1918, sec. 5351, p. 5.)

Section 4926 above referred to provides that "A corporation having a capital stock and able to meet its liabilities then matured may, subject to the rights of creditors, sell, lease or exchange all its assets, including its franchises, to any other corporation authorized to do business under the laws of this state and to acquire such assets, for cash, stock of other corporations or other property. Such sale, lease or exchange shall first be authorized by such vote of the stockholders of both corporations as is provided in their articles of association, or, if provision is not so made therein, then by the vote, at meetings called upon twenty days' notice for such purpose, of the holders of two-thirds of the outstanding stock, of both corporations, or, if the stock is divided into classes, then by the vote of the holders of two-thirds of each class of outstanding stock entitled to vote, or, if the purchasing corporation is organizing and issuing stock for the property to be acquired, then by the vote, at a meeting called upon twenty days' notice for such purpose, of all the incorporators of such corporation. If stock of another corporation is received in full or part payment, all of such stock must be disposed of within two years from the time it was acquired. Failure to make such disposition shall be cause for the dissolution of the corporation, under the provisions of

(Vermont - cont'd.)

section four thousand nine hundred and forty-four. A corporation having a capital stock and unable to meet its liabilities then matured may, subject to the rights of creditors, so sell, lease or exchange all its assets, including its franchises, by the vote of the holders, at a meeting called upon twenty days' notice for such purpose, of the holders of a majority of the stock represented at such meeting and entitled to vote." (General Laws, 1917, Ch. 210, sec. 4926, as amended by Public Acts, 1919, No. 125.)

VIRGINIA.Merger or consolidation of banks.

Any State bank is authorized to merge or consolidate with another State bank, or national bank doing business in Virginia, "upon compliance with the provisions of sections thirty-eight hundred and twenty-one, and thirty-eight hundred and twenty-two of the Code of Virginia relating to mergers or consolidations of corporations, except that such mergers or consolidations of banks shall be ratified and confirmed by an affirmative vote of the shareholders of each of such banks owning at least two-thirds of its capital stock outstanding and having voting power. The provisions of sections thirty-eight hundred and twenty-three, thirty-eight hundred and twenty-five, and thirty-eight hundred and twenty-six of the Code of Virginia shall apply to such merged or consolidated corporation, except as otherwise provided in this act; * * *." (Va. Code of 1930, sec. 4149 (10), p. 1047.)

Legal effect of merger or consolidation.

"In the event of any such merger or consolidation, the merged or consolidated corporation (whether it be one of said merging or consolidating banks, or a new bank, State or national, formed by means of such merger or consolidation) shall succeed to, and be vested with, without further act or deed, all offices of trust or of a fiduciary nature with which any one or more of the banks, parties to such consolidation or merger, were vested immediately prior to the time at which such consolidation or

(Virginia - cont'd.)

merger became effective." (Va. Code of 1930, Sec. 4149(10), p. 1047)

The sections of the laws of Virginia referred to in the provision first above quoted, which banks proposing to merge or consolidate must comply with, are digested under the following captions.

When merger or consolidation may be effected.

Any State corporation "may merge or consolidate into a single corporation with any other corporation organized for the purpose of carrying, on the same or a similar business" under any State or Federal law "which said consolidated corporation shall upon the payment of a proper charter fee, thereby become a domestic corporation of this State and be subject to its laws, and to the jurisdiction of its courts, and may be either one of said merging or consolidating corporations, or a new corporation to be formed by means of such merger or consolidation, and by virtue of this charter, and the proceedings had pursuant thereto, such corporation shall be consolidated and merged, so that all property, rights, franchises, and privileges by law vested in such corporations so merged or consolidated shall be transferred to and vested in the corporation into which such consolidation or merger shall be made." (Va. Code of 1930, sec. 3821, p. 840.)

Agreement of directors to merge or consolidate.

The board of directors of each of the corporations proposing to merge or consolidate may under corporate seal enter into a joint agreement for the merger or consolidation of such corporation. The agreement must prescribe the terms and conditions of the merger or consolidation, the mode of carrying it into effect, the name of the resulting corporation,

(Virginia - cont'd.)

the number, names and residences of its board of directors and principal officers, the aggregate amount and rate of interest of any of its bonds, the number and par value of its shares of stock, the manner of converting the stock of its constituents into new stock, and, if a new corporation is created, how and when the directors and principal officers to succeed those named in the agreement are to be chosen or appointed. The agreement may also contain such other provisions as the contracting board of directors deem necessary or convenient to perfect the merger or consolidation. (Va. Code of 1930, sec. 3822 (a), p. 941.)

Submission of agreement to stockholders and State corporation commission for approval.

The agreement must be submitted at a special meeting to the stockholders of each of the corporations involved. Notice of the time, place and object of such meeting must be given by publication at least six times a week for two successive weeks in a certain designated newspaper, and by mailing a copy of such notice at least ten days prior to such meeting to each stockholder. If a majority of the votes cast at each of these meetings be in favor of the agreement, consolidation and merger, then that fact must be certified by the president or one of the vice-presidents of the corporation, and attested by each secretary under corporate seal. Such certificates, acknowledged by the president or vice-president signing them and by the respective secretaries, must be presented to the State corporation commission, which must ascertain and declare whether the corporations, by complying with the legal requirements, have entitled themselves to the merger or consolidation. (Va. Code of 1930, sec. 3822(b), p. 941.)

(Virginia - cont'd.)

Certificate of merger or consolidation, issuance of by State corporation commission; filing and recordation of; effect of.

If the corporation commission issues a certificate of merger or consolidation, it and the agreement must be certified by the commission to the Secretary of State and recorded in the same manner as an original certificate of incorporation or articles of association. When so filed for recordation, "the said merger or consolidation shall be complete and the merged or consolidated corporation may proceed to carry out the details of said merger and consolidation according to the terms of the agreement and to transact and carry on the business for which it was formed; * * *." (Va. Code of 1930, sec. 3822(b), p. 941.)

Dissenting stockholders, rights of.

Detailed provision is made for the appraisal and payment of the value of stock held by any stockholder who did not vote for the merger or consolidation and who dissents to such merger or consolidation within a certain prescribed time. (Va. Code of 1930, sec. 3822, pp. 941-943.)

Effect of merger or consolidation under general corporation law; rights of former corporations vest in new corporation; rights and liabilities assumed.

"Upon the perfecting, as aforesaid of the said merger or consolidation, the several corporations parties thereto shall be deemed and taken as one corporation, upon the terms and conditions and subject to the restrictions set forth in said agreement, and all and singular the rights, privileges, and franchises of each of said corporations, parties to the same, except as restricted by law, and all property, real and personal, and all debts due on whatever account, as well of stock subscriptions as

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(Virginia - cont'd.)

other things in action, belonging to each of such corporations, shall be taken and deemed as transferred to and vested in such new corporation without further act or deed; and all property, all rights of way, and all and every other interest shall be as effectually the property of the new corporation as they were of the former corporations parties to the said agreement; and the title to real estate, either by deed or otherwise, under the laws of this State vested in either corporation, shall not be deemed to revert or be in any way impaired by reason of this chapter; but, the rights of creditors and all liens upon the property of either of said corporations shall be preserved unimpaired; and the respective corporations shall be deemed to continue in existence to preserve the same; and all debts, liabilities, and duties of either of said companies shall thenceforth attach to said new corporation and be enforced against it to the same extent as if the said debts, liabilities, and duties had been incurred or contracted by it." (Va. Code of 1930, sec. 3823, p. 944.)

Suits against new corporation; effect of merger or consolidation on pending suits.

Suits can be maintained against the new corporation in any of the courts of Virginia in the same manner as against any other corporation, and suits pending by or against any of the constituent corporations can be prosecuted as if a consolidation had not taken place or the new corporation may be substituted as a party. (Va. Code of 1930, secs. 3825 and 3826, p. 944.)

WASHINGTON.Transfer of assets for purpose of consolidation.

The laws of Washington provide that "a bank or trust company may

(Washington - cont'd.)

for the purpose of consolidation or voluntary liquidation transfer its assets and liabilities to another bank or trust company, by a vote, or with the written consent of the stockholders of record owning two-thirds of its capital stock, but only with the written consent of the supervisor of banking and upon such terms and conditions as he may prescribe." (Laws of 1923, p. 312, sec. 12; Rem. 1927 Sup., sec. 3282; Banking Law Pamphlet, 1929, sec. 97, p. 45.)

Certificate of authority and corporate existence, termination of.

When a bank or trust company has transferred all of its assets and liabilities, or has been liquidated or is no longer engaged in business as a bank or trust company, "the supervisor of banking shall terminate its certificate of authority, which shall not thereafter be revived or renewed." When any such corporation has had its certificate of authority revoked, "it shall forthwith collect and distribute its remaining assets, and when that is done the supervisor of banking shall certify the fact to the secretary of state, whereupon the corporation shall cease to exist and the secretary of state shall note that fact upon his records." (Laws of 1923, p. 312, sec. 12; Rem. 1927, Sup., sec. 3282; Banking Law Pamphlet, 1929, sec. 97, p. 45.)

Report required showing entire net income; taxation of consolidated corporation.

Every bank or corporation which acquires by merger or by consolidation, the major portion of the assets or franchises of another bank or corporation in this state, or which merges or consolidates with another bank or corporation, must in its annual report show its own and the consolidated

(Washington - cont'd.)

entire net income of all such banks or corporations for the preceding fiscal or calendar year to the extent that all such income has not been used or included in measuring a tax under this act. In any event, it is liable for and must pay all taxes that would have been due and payable by the bank or corporation whose assets or franchises were acquired or which was merged or consolidated, had it continued in business. (Laws of 1929, ch. 151, sec. 20; Banking Law Pamphlet, 1929, sec. 20, p. 135.)

WEST VIRGINIA.Consolidation or sale of assets.

Any banking institution may at any time with the consent in writing of the Commissioner of Banking take over the business and assets and assume the liabilities of another banking institution, all of the terms or conditions of any such purchase or consolidation to be first approved by the Commissioner of Banking. (Code of West Virginia for 1931, Chapter 31, Article 8, Section 29.)

Legal effect of consolidation or sale.

Upon the completion of any such purchase or consolidation and by operation of law the purchasing or consolidated banking institution shall be substituted in the room and stead of each of the participating institutions in all fiduciary relationships, and all and singular the titles, properties, offices, appointments, rights, powers, duties, obligations, and liabilities of each participating institution as trustee, executor, administrator, guardian, depository, registrar, transfer agent, or other fiduciary shall be vested in and devolve upon the purchasing or

(West Virginia - cont'd.)

consolidating institution, and such purchasing or consolidating institution shall be entitled to take, receive, accept, hold, administer, and discharge any and all grants, gifts, bequests, devises, and conveyances, trusts, and appointments made by deed, will, agreement, order of court, or otherwise in the future or in the name of any such participating institution, whether made, executed, or entered into before or after such purchase or consolidation, and whether to vest or become effective before or after such purchase or consolidation as fully and to the same effect as if the purchase or consolidated institution had been named in such deed, will, agreement, order, or other instrument instead of another participating institution. (Code of West Virginia for 1931, Chapter 31, Article 8, Section 29).

No corporation except consolidating or purchasing corporation may use the name of participating corporation.

After a purchase or consolidation no other corporation shall be allowed to take or use the name of any institution participating in such purchase or consolidation. (Code of West Virginia for 1931, Chapter 31, Article 8, Section 29).

General laws relating to consolidation of corporations.

A note by the Committee of the Legislature appointed to consider the report of the revisers who prepared the draft for the Code of 1931 indicates that the above quoted provisions of law are supplementary to the general provisions of law relating to the consolidation of corporations. Under these general provisions of law any two or more corporations organized or existing under the laws of West Virginia for the purpose of carrying on any kind of business may consolidate or merge into a single corporation,

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(West Virginia - cont'd.)

which may be any one of such constituent corporations or a new corporation to be formed by such consolidation or merger, as shall be specified in the agreement mentioned below.

Proceedings for consolidation.

The directors or a majority of them of such corporation as desire to consolidate or merge must enter into an agreement signed by them and under the corporate seals of the separate corporation, prescribing the terms and conditions of consolidation or merger, the mode of carrying same into effect, and stating such other facts required or permitted by law to be set out in an agreement of incorporation as can be stated in the case of a consolidation or merger, stated in such altered form as the circumstances of the case may require, as well as the manner of converting the shares of the constituent corporations into shares of the consolidated corporation, with such other details as are deemed necessary.

Such agreement shall be submitted to the stockholders of each constituent corporation at a meeting thereof called separately for the purpose of taking same into consideration. Due notice of the time, place, and object of said meeting must be given by publication at least once a week for four successive weeks in one or more newspapers published in the county wherein each such corporation has its principal office or conducts its business, and a copy of such notice shall be mailed to the last known post-office address of each stockholder or such corporation at least twenty days prior to the date of meeting.

At such meeting the said agreement must be considered and a vote by ballot in person or by proxy taken for the adoption or rejection thereof,

(West Virginia - cont'd.)

each share entitling the holder thereof to one vote. If the votes of stockholders of each of such corporations representing two-thirds of the total number of shares of its capital stock shall be for the adoption of such agreement, then that fact must be certified on such agreement by the secretary of each such corporation under the seal thereof, and the agreement so adopted and certified shall be signed by the president and secretary of each of such corporations under the corporate seals thereof and acknowledged by the president of each such corporation, and the agreement must be filed in the office of the secretary of the state and recorded as provided by law. When such agreement has been so filed and recorded such record is evidence of the agreement and act of consolidation or merger of such corporation and the observance of all acts and conditions to have been observed and performed precedent to such consolidation or merger. (Code of West Virginia for 1931, Chapter 31, Article 1, Section 63.)

Sale of entire assets and franchises.

Every corporation organized and existing under the laws of West Virginia may at any meeting of its board of directors sell, lease, or exchange all of its property and assets, including its good will and its corporate franchises, upon such terms and conditions and for such consideration as its board of directors shall deem expedient and for the best interest of the corporation when and as authorized by the affirmative vote of sixty per cent of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of sixty per cent of the voting stock issued and outstanding, unless the certificate of incorpora-

(West Virginia - cont'd.)

tion requires the vote or written consent of the holders of a larger proportion of the stock issued and outstanding. (Code of West Virginia for 1931, Chapter 31, Article 1, Section 64).

(West Virginia - cont'd.)

Consolidated or purchasing corporation may use name of participating corporations.

The purchasing or consolidated corporation is given the right to use the name of any of the participating corporations but no other corporation can take or use the name of any of such participating corporations.

(Laws of 1929, ch. 23, sec. 31.)

WISCONSIN.

Consolidation of banks.

The laws of Wisconsin provide that "A bank, which is in good faith winding up its business, for the purpose of consolidating with some other bank, may transfer its resources and liabilities to the bank with which it is in process of consolidation; but no consolidation shall be made without the consent of the commissioner of banking, and not then to defeat or defraud any of the creditors in the collection of their debts against such banks, or either of them." (Wisc. Stats., sec. 221, 23.)

The laws further provide that, with the approval of the commissioner of banking, any two or more banks located in the same county, city, town or village may consolidate under the charter of any of the consolidating banks. (Wisc. Stats., sec. 221. 25 (1).)

Terms of consolidation; agreement of directors; ratification by stockholders.

The consolidation may be on such terms and conditions as may be agreed upon by a majority of the board of directors of each consolidating bank and must be "ratified and confirmed" by two-thirds of the outstanding stock of each bank at a meeting called by the directors, after sending notice

(Wisconsin - cont'd.)

of the time, place and object of the meeting to each shareholder by registered mail at least thirty days prior to the meeting. (Wisc. Stats., sec. 221.25(1).)

Capital stock required of consolidated bank.

The capital stock of the consolidated bank "shall not be less than that required under existing law for the organization of a state bank in the place in which it is located; * * *." (Wisc. Stats., sec. 221.25 (1).)

Dissenting stockholder, rights of.

Within twenty days after the commissioner of banking has approved the consolidation, any stockholder of the consolidating banks who has not voted for the consolidation may give notice to the directors of the consolidated bank that he dissents from the consolidation whereupon he becomes entitled to receive the value of the shares held by him. Provision is made for an appraisal of such shares and for a re-appraisal in case the value first appraised is not satisfactory. (Wisc. Stats., sec. 221.25(1).)

Liquidation not essential; report of assets and liabilities of consolidating banks.

"The bank or banks consolidating with another bank under the provisions of the preceding subsection (Sec. 221.25(1).) shall not be required to go into liquidation but their assets and liabilities shall be reported by the bank with which they have consolidated; * * *." (Wisc. Stats., sec. 221.25(2).)

(Wisconsin - cont'd.)

Legal effect of consolidation of banks.

"All the rights, franchises and interests of said banks so consolidated in and to every species of property, personal and mixed, and choses in action thereto belonging, shall be deemed to be transferred to and vested in such bank into which it is consolidated without any deed or other transfer, and the said consolidated bank shall hold and enjoy the same and all rights of property, franchises and interests in the same manner and to the same extent as was held and enjoyed by the bank or banks so consolidated therewith." (Wisc. Stats. sec., 221.25(2).)

Consolidation of trust companies.

Any State trust company "may consolidate with any other similar corporation in the same county, city, town or village in the manner provided for the consolidation of banks under section 221.25; * * *." (Wisc. Stats., sec. 223.11.)

Legal effect of consolidation of trust companies.

"In the event of such consolidation the consolidated corporation, by whatever name it may assume or be known, shall be a continuation of the entity of each and all of the corporations so consolidated for all purposes whatsoever, including holding and performing any and all trusts and fiduciary relations of whatsoever nature of which the corporations so consolidating, or either or any of them, was fiduciary at the time of such consolidation, and also including its appointment in any fiduciary capacity by any court or otherwise, and the holding, accepting and performing of any and all trusts and fiduciary relations whatsoever as to or for which either or any one of the corporations so consolidating may have been appointed, nominated or designated by any will or conveyance or otherwise, whether or

(Wisconsin - cont'd.)

not such trust or fiduciary relation shall have come into being or taken effect at the time of such consolidation." (Wisc. Stats., sec. 223.11.)

WYOMING.Definition of "State bank".

"Every bank, banker or corporation in this state doing a banking business under the provisions of this Act, shall be known as a state bank; and any and all reference herein made in this Act to state banks shall apply to every individual, firm or corporation doing a banking business under the provisions of this Act". (Laws of 1925, ch. 157, sec. 5, as amended by Laws of 1929, ch. 54, sec. 1.)

Definition of "bank" or "banking business".

"Any person, firm or corporation (except national banks) having a place of business within this state where credits are opened by the deposit or collection of money or currency or negotiable paper subject to be paid or remitted upon draft, receipt, check, or order, shall be regarded as a bank or banker, and as doing a banking business under the provisions of this Act." (Laws of 1925, ch. 157, sec. 10; Banking Law Pamphlet, with 1927 amendments, sec. 10, p. 13.)

The laws also provide "that the term 'trust company' may be used by a person, firm or corporation when the business transacted is in no sense a banking business". (Laws of 1925, ch. 157, sec. 11; Banking Law Pamphlet, with 1927 amendments, sec. 11, p. 13.)

Transfer of assets and liabilities for purpose of consolidation.

"A state bank which is in good faith winding up its business for

(Wyoming - cont'd.)

the purpose of consolidating with some other bank may transfer its assets and liabilities to the bank with which it is in process of consolidation, upon receiving written consent of the State Examiner, and not otherwise."

(Laws of 1925, ch. 157, sec. 109; Banking Law Pamphlet, with 1927 amendments, sec. 108, p. 59.)

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6934

July 23, 1931.

SUBJECT: Code word to cover telegraphic
transactions in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions
in Government securities between Federal reserve
banks, the code word "NOXCABOT" has been desig-
nated to cover a new issue of Treasury Bills, dated
July 27, 1931, and maturing October 26, 1931.

This word should be inserted in the Federal
reserve telegraph code book, following the supple-
mental code word "NOXBREZZE", on page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6935

July 28, 1931.

SUBJECT: Code word to cover telegraphic
transactions in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in
Government securities between Federal reserve banks,
the code word "NOXCAGE" has been designated to cover
a new issue of Treasury Bills, dated August 3, 1931,
and maturing November 2, 1931.

This word should be inserted in the Federal re-
serve telegraph code book, following the supplemental
code word "NOXCABOT" on page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6937

July 30, 1931.

SUBJECT: Changes in Inter-District Time Schedule.

Dear Sir:

Upon agreement between the Federal reserve banks affected, the Federal Reserve Board has approved the following changes in the inter-district time schedule:

From Richmond	To Portland	From 5 days to 4 days
From Richmond	To Seattle	From 5 days to 4 days
From Richmond	To Spokane	From 5 days to 4 days
From Baltimore	To Omaha	From 3 days to 2 days

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6938

August 5, 1931.

SUBJECT: Code Word to cover Telegraphic
Transactions in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCALLER" has been designated to cover a new issue of Treasury Bills, dated August 10, 1931, and maturing November 9, 1931.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCAGE", on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary

TO GOVERNORS OF ALL F.R. BANKS

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6940

August 11, 1931.

SUBJECT: Topics for Joint Conference of Governors and
Federal Reserve Agents.

Dear Sir:

There is enclosed herewith copy of a letter the Board is today addressing to the Chairmen of the Governors' and Federal Reserve Agents' Conferences, suggesting two topics for consideration at the next joint conference of the Governors and Federal Reserve Agents.

Although the date for such conference has not yet been fixed, this matter is called to your attention at this time for your information. In connection with the second topic outlined in the attached letter, it will be helpful if each Federal reserve bank will advise the Federal Reserve Board, in advance of such conference, of its total expense in handling securities of member banks for safekeeping during the year 1930, or as close an estimate of such expense as can be made.

By order of the Federal Reserve Board.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Enclosure.

TO GOVERNORS AND AGENTS OF ALL F. R. BANKS.

C O P Y

X-6940-a

August 11, 1931.

Dear Mr.

The Federal Reserve Board's attention has been called to the fact that one of the Federal reserve banks recently made a delivery, on forged orders, of securities held in safekeeping for a member bank. The Federal reserve agent at the Federal reserve bank involved has suggested that additional safeguards should be developed in order to prevent the possibility of losses occurring in this manner. Under these circumstances the Board has voted to request the Governors of the Federal reserve banks and the Federal reserve agents to consider the following topics at their next joint conference:

(1) "The advisability of securing from all member banks depositing securities with Federal reserve banks for safekeeping an agreement whereby the depositing bank would agree to approve and accept the insurance policy carried by the Federal reserve bank, and all liability other than that covered in the Federal reserve bank's policy would be assumed by the depositing bank, which, if it desired, could itself carry insurance against such additional liability."

(2) "Cost of the safekeeping function at Federal reserve banks."

You are accordingly requested to have these topics placed on the program of the next Federal Reserve Agents' Conference. The Chairman of the Governors' Conference is also being requested to have such topics placed on the program of that Conference.

By Order of the Federal Reserve Board.

Yours very truly,

E. M. McClelland,
Assistant Secretary.

STATEMENT OF BUREAU OF ENGRAVING AND PRINTING

Federal Reserve Notes, Series 1928

July 1 to 31, 1931.

	<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$50</u>	<u>\$100</u>	<u>\$500</u>	<u>\$1000</u>	<u>\$5000</u>	<u>\$10000</u>	Total Sheets	Amount
Boston	95,000	100,000	-	2,000	-	200	-	-	-	187,200	\$17,516.00
New York	199,000	180,000	66,000	-	-	-	-	-	-	445,000	41,162.50
Philadelphia	91,000	43,000	13,000	46,000	14,000	-	100	-	-	207,100	19,156.75
Cleveland	67,000	42,000	40,000	-	-	-	-	-	-	149,000	13,732.50
Richmond	64,000	31,000	37,000	-	-	-	-	-	-	132,000	12,210.00
Atlanta	21,000	18,000	-	10,000	7,000	300	300	50	50	56,700	5,244.75
Chicago	200,000	-	-	-	-	-	-	-	-	200,000	18,500.00
St. Louis	-	1,000	-	-	-	750	450	-	-	2,200	205.50
Minneapolis	25,000	10,000	10,000	-	-	-	-	-	-	45,000	4,162.50
Kansas City	31,000	1,000	1,000	1,000	1,000	150	150	-	-	35,300	3,265.25
Dallas	31,000	15,000	10,000	-	-	50	50	-	-	56,100	5,199.25
San Francisco	200,000	30,000	40,000	10,000	5,000	400	300	-	-	385,700	31,052.25
	<u>1,014,000</u>	<u>521,000</u>	<u>217,000</u>	<u>69,000</u>	<u>27,000</u>	<u>1,850</u>	<u>1,350</u>	<u>50</u>	<u>50</u>	<u>1,851,300</u>	<u>171,245.25</u>

1,951,300 sheets, @ \$92.50 per M \$171,245.25

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6942.

August 12, 1931.

SUBJECT: Code Word to cover Telegraphic
Transactions in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in
Government securities between Federal reserve banks,
the code word "NOXCAMP" has been designated to cover a
new issue of Treasury Bills, dated August 17, 1931, and
maturing November 16, 1931.

This word should be inserted in the Federal re-
serve telegraph code book, following the supplemental
code word "NOXCALLER", on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary

TO GOVERNORS OF ALL F.R.BANKS

Copy

X-6944

August 13, 1931.

Mr. John S. Walden, Chairman,
Standing Committee on Collections,
Federal Reserve Bank of Richmond,
Richmond, Virginia.

Dear Mr. Walden:

I have been so overwhelmed with the pressure of urgent official business that last night was the first opportunity I had had to read the tentative draft of the Report of the Standing Committee on Collections on the subject of "Cashing" Government checks and warrants, which was enclosed in your letter of July 22, 1931; and this morning I received your letter of August 12, 1931, enclosing a copy of the final report of the Committee.

I have not yet had an opportunity to study this report carefully but, upon reading it hastily, I certainly am not prepared to approve it. On the contrary, I disagree very strongly with some of the views expressed in the report; I feel that the Committee has not completely covered the entire subject; and I regret very much that the report makes no mention of the question of the treasurer's right to stop payment on such checks after the Federal reserve banks have given immediate credit for them, morely in order to give a special privilege to the payee of the check who has deposited it in a bank about to fail.

The reasons for my disagreement with certain portions of the Committee's report are indicated in my memorandum of April 17, 1931, and I have not time to state those reasons at length in this letter.

I disagree most strongly with the views expressed by the Committee in the paragraph commencing on page 4 of the report, and especially in the view that, "in fairness to the Treasury Department," its action in refusing to define the status of the Federal reserve banks in cashing Government checks is only what might be expected of anyone in the same position and under the same circumstances.

I assume that the Attorney General's opinion referred to is the one resulting from the effort of the Treasury Department to fix upon the Federal reserve banks the loss resulting from the redemption of several million dollars' worth of counterfeit war savings stamps, which were such effective counterfeits that the Treasury Department itself did not discover the fraud until many months after they had been finally paid by the Treasury Department. In that opinion, the Attorney

- 2 -

General hold that the Federal reserve banks were acting only as agents and could not be hold liable for the loss in the absence of actual negligence on their part. It seems to me that that was a fair and just opinion and that, in fairness to the Federal reserve banks the Treasury Department should clearly define the status of the Federal reserve banks in handling checks and warrants as it did in the circular covering the collections of war savings stamps. This is simple justice, and I cannot think that any honest person, much less the Treasury Department of the United States, could reasonably refuse to define precisely the status of the Federal reserve bank in handling checks and warrants when they are compelled to do so under the law, and when the capacity in which they act has such an important bearing upon what their rights and liabilities are in performing this free service for the Government.

I feel so strongly on this subject that I cannot concur in the Committee's view that "there is little hope that this can be accomplished." On the contrary, I believe that the officials of the Treasury Department are fair enough to clarify this subject whenever a determined effort is made to have them do so and whenever the matter is presented to them clearly and vigorously and not in a half-hearted, "defeatist" spirit.

The Committee seems to lay much stress upon the fact that Federal reserve banks are not required to guarantee prior endorsements when they forward Government checks to the Treasurer of the United States for final payment. I feel, however, that this is of little importance when the Federal reserve banks advance cash or give immediate credit on such checks, and the Treasury reserves the right to refuse to pay them and requires the Federal reserve banks to cash them only for "responsible" banks or bankers.

If it were clearly understood between all parties concerned that, in cashing Government checks and warrants the Federal reserve banks are acting solely as agents of the banks from which such checks are received, I think many of the legal difficulties could be eliminated. This, however, would require amendments to the Treasury circular eliminating all indication that Federal reserve banks act either as depositaries or as fiscal agents for the Treasury, and in my opinion, should be accompanied by discontinuance of the present practice of giving immediate credit for such checks.

On the whole, I think the Committee has made some valuable suggestions based on practical considerations; but I do not believe that this matter can be finally disposed of in a satisfactory manner until it has been considered by a Conference of the Counsel of all of the Federal reserve banks held after advance notice sufficient to give the Counsel an opportunity to study this subject carefully.

I know the Committee has done a lot of hard, conscientious work on this subject and I regret exceedingly that I am unable to agree with its views.

- 3 -

I believe that the difficulty is that this subject involves both legal questions and practical questions and that the legal and practical aspects of the problem cannot be considered separately but must be considered together. I feel that the Committee has failed to appreciate some of the legal dangers and difficulties; and I am sure that, if this matter had been considered alone by the Counsel to the Federal reserve banks, they would have failed to appreciate some of the practical difficulties.

It was unfortunate that the matter was not referred jointly to the Standing Committee on Collections and to the Conference of Counsel. If it is referred to the Conference of Counsel, I certainly shall invite you and the members of your Committee to attend the Conference.

I note your statement that Counsel for three of the banks have read the Committee's report and expressed favorable opinions regarding it. I am confident, however, that Counsel for several of the other banks will not be satisfied with it, in view of the statements I have heard them make on this subject in the past.

I have been working night and day all summer in order to dispose of a number of very important and urgent matters; and I am planning to go away for a little rest on Saturday, August 15, returning about September 1.

With kindest personal regards and all best wishes, I am

Cordially yours,

(Signed) Walter Wyatt,
General Counsel.

WW sad

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6945

August 15, 1931.

SUBJECT: Holidays During September, 1931.

Dear Sir:

On Monday, September 7th, Labor Day, there will be neither Gold Fund nor Federal Reserve Note clearing, and the books of the Board will be closed.

In addition to the Labor Day holiday, the following Banks and Branches will observe holidays during the month of September:

Wednesday,	September	9,	San Francisco,	(Admission
			Los Angeles	(Day

Saturday,	"	12,	Baltimore	Defenders'
				Day

Therefore, on the dates indicated the offices affected will not participate in either of the clearings. Please include your credits for the Banks affected on each of the holidays with your credits for the following business day, and make no shipment of Federal reserve notes for account of the Federal Reserve Bank of San Francisco on Wednesday, September 9th.

Please notify Branches.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6946

August 18, 1931.

SUBJECT: Code Word to cover Telegraphic
Transactions in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCARTED" has been designated to cover a new issue of Treasury Bills, dated August 24, 1931, and maturing November 23, 1931.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCAMP", on Page 172.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F.R.BANKS

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6947 (Corrected)

August 24, 1931.

SUBJECT: Expense, Main Lines, Leased Wire System,
July, 1931.

Dear Sir:

Enclosed herewith you will find CORRECTED mimeographed statements, X-6947-a and X-6947-b, covering in detail operations of the main lines, Leased Wire System, during the month of July, 1931.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to the Federal Reserve Board.

Very truly yours,

Fiscal Agent.

Enclosures.

TO GOVERNORS OF ALL F. R. BANKS.

REPORT SHOWING CLASSIFICATION AND NUMBER OF WORDS TRANSMITTED OVER MAIN LINES
OF THE FEDERAL RESERVE LEASED WIRE SYSTEM FOR THE MONTH OF JULY, 1931.

From	Business reported by banks	Words sent by New York charge-able to other F. R. Banks (1)	Net Federal reserve bank business	Percent of total bank business (*)
Boston	27,834	2,733	30,567	3.36
New York	183,608	-	183,608	20.21
Philadelphia	30,378	2,047	32,425	3.57
Cleveland	77,609	2,659	80,268	8.83
Richmond	53,730	3,032	56,762	6.25
Atlanta	54,496	8,119	62,615	6.89
Chicago	94,042	3,212	97,254	10.70
St. Louis	76,549	2,259	78,808	8.67
Minneapolis	32,467	3,256	35,723	3.93
Kansas City	77,489	2,429	79,918	8.80
Dallas	62,006	11,855	73,861	8.13
San Francisco	92,637	4,194	96,831	10.66
Total	962,845	45,795	908,640	100.00
F. R. Board business			297,534	1,206,174
Treasury Department business Incoming and Outgoing				94,278
Total words transmitted over main lines.				1,300,452

(*) These percentages used in calculating the pro rata share of leased wire expense as shown on the accompanying statement (X-6947-b).

(1) Number of words sent by New York to other F. R. Banks for their sole benefit charged to banks indicated in accordance with action taken at Governors' Conference November 2 - 4, 1925.

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REPORT OF EXPENSE MAIN LINES
FEDERAL RESERVE LEASED WIRE SYSTEM, JULY, 1931.

Name of bank	Operators' salaries	Operators' overtime	Wire rental	Total expenses	Pro rata share of total expenses	Credits	Payable to Federal Reserve Board
Boston	\$260.00	\$ -	\$ -	\$260.00	\$736.32	\$260.00	\$476.32
New York	1,134.15	-	-	1,134.15	4,428.89	1,134.15	3,294.74
Philadelphia	225.00	-	-	225.00	782.34	225.00	557.34
Cleveland	306.66	-	-	306.66	1,935.04	306.66	1,628.38
Richmond	232.00	-	230.00 (&)	462.00	1,369.65	462.00	907.65
Atlanta	270.00	-	-	270.00	1,509.90	270.00	1,239.90
Chicago	4,027.57 (#)	2.00	-	4,029.57	2,344.84	4,029.57	1,684.73 (*)
St. Louis	195.00	1.00	-	196.00	1,899.98	196.00	1,703.98
Minneapolis	212.76	-	-	212.76	861.24	212.76	648.48
Kansas City	287.50	-	-	287.50	1,928.46	287.50	1,640.96
Dallas	251.00	-	-	251.00	1,781.64	251.00	1,530.64
San Francisco	380.00	-	-	380.00	2,336.07	380.00	1,956.07
Federal Reserve Board	-	-	15,612.62	15,612.62	-	-	-
Total	\$7,781.64	\$3.00	\$15,842.62	\$23,627.26	\$21,914.37	\$8,014.64	\$15,584.46
				1,712.89(a)			1,684.73 (b)
				\$21,914.37			\$13,899.73

(&) Main line rental, Richmond-Washington.

(#) Includes salaries of Washington operators.

(*) Credit.

(a) Received \$1,712.89 from Treasury Department covering business for the month of July, 1931.

(b) Amount reimbursable to Chicago.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6950

August 26, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in
Government securities between Federal reserve banks,
the code word "NOXCEDE" has been designated to cover a
new issue of Treasury Bills, dated August 31, 1931, and
maturing November 30, 1931.

This word should be inserted in the Federal re-
serve telegraph code book, following the supplemental
code word "NOXCARTED", on Page 172.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6951

August 26, 1931.

SUBJECT: Changes in Inter-District Time Schedule.

Dear Sir:

Upon agreement between the Federal reserve banks affected, the Federal Reserve Board has approved the following changes in the inter-district time schedule:

From	To	From 3 days to 2 days
Dallas	Jacksonville	3 days to 2 days
" "	Helena	" 3 " " 4 "
" "	San Francisco	" 4 " " 3 "
" El Paso	New York	" 4 " " 3 "
" "	Buffalo	" 4 " " 3 "
" "	Baltimore	" 4 " " 3 "
" "	Omaha	" 3 " " 2 "
" "	San Francisco	" 3 " " 2 "
" Houston	Cincinnati	" 3 " " 2 "
" "	Charlotte	" 3 " " 2 "
" "	San Francisco	" 4 " " 3 "
" San Antonio	Helena	" 4 " " 5 "
" "	Omaha	" 2 " " 3 "

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6953

August 27, 1931.

SUBJECT: Elections of Class A and B Directors.

Dear Sir:

Under the Board's letter of February 12, 1930, (X-6507), November 1st is fixed as the regular date for the opening of the polls in the annual elections of Class A and B directors of the Federal reserve banks, which makes it necessary that the polls be closed as of November 15th. However, in view of the fact that these dates this year fall on Sunday, the Board has decided that the polls for the 1931 elections should open on November 2nd closing, as a consequence, on November 16th.

The group classifications of member banks which have governed in these elections for the last several years will again be effective.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO CHAIRMEN OF ALL F. R. BANKS.

A jury was duly waived, and the case was tried to the court.

At the close of the evidence, plaintiff moved for judgment in his favor; defendant moved for judgment of dismissal on the merits. The latter motion was granted, and judgment was entered for defendant. This appeal followed.

The relevant statute under which the action was brought reads as follows:

"All transfers of the notes, bonds, bills of exchange, or other evidences of debt owing to any national banking association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing for its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, made with a view to prevent the application of its assets in the manner prescribed by this chapter, or with a view to the preference of one creditor to another, except in payment of its circulating notes, shall be utterly null and void; and no attachment, injunction or execution, shall be issued against such association or its property before final judgment in any suit, action, or proceeding, in any State, County or Municipal court." (R.S. Sec. 5242; 12 USCA Sec. 91.)

From the findings, the admissions of the pleadings, and the undisputed evidence, the following facts appear; the Federal Reserve Bank of Minneapolis (hereafter called the Reserve Bank) on November 13, 1926 received from certain of its member banks for collection checks on the Farmers National Bank of Brookings, South Dakota (hereafter called the Brookings Bank), amounting to \$22,114.22. On the same day, the Reserve Bank, as agent of said member banks, forwarded said checks to the Brookings Bank for

collection. On November 15, 1926, the Reserve Bank, as agent for certain member banks, received for collection other checks on said Brookings Bank amounting to \$15,020.88; and on the same day forwarded these checks to the Brookings Bank for collection. The Reserve Bank, as agent, had authority to receive cash or drafts for the checks so sent. On the 16th of November, the Brookings Bank accepted most of said checks, and on that day sent to the Reserve Bank two drafts drawn on the Reserve Bank and payable to its order, one for \$22,059.11 covering the checks accepted from the first list, and one for \$14,880.86 covering the checks accepted from the second list. The drafts were drawn by Mr. Haroldson, Cashier of the Brookings Bank. In the usual course of business, the drafts would have been drawn on some bank other than the Reserve Bank, but in this instance they were drawn on the Reserve Bank because the Brookings Bank realized that it would not reopen the following day and the drafts would not clear on November 17th if the drawee banks received prior notice of the closing of the Brookings Bank. The checks were charged by the Brookings Bank against the various drawers who were depositors in said bank on November 18th.

At the time of sending the two drafts to the Reserve Bank, the Brookings Bank did not have in the Reserve Bank sufficient reserve account to meet the drafts. Accordingly, and in order to provide funds with which to meet the drafts, the Brookings Bank, on November 16th, by its

Cashier, Mr. Haroldson, wrote a letter to the Reserve Bank enclosing collection items belonging to the Brookings Bank for collection by the Reserve Bank. These items on their face amounted to \$10,029.07, but the Reserve Bank collected thereon only \$8,355.82. This letter enclosing the collection items was not mailed until late in the evening of November 16th, and until after a resolution had been passed by the Board of Directors suspending the operation of the bank. (Resolution in the margin.) On the afternoon of the 16th, the Brookings Bank also made up a bundle of currency amounting to \$13,000, and this was sent to the Reserve Bank on the morning of November 17th. On the morning of November 17th, the Reserve Bank was notified by

"Farmers National Bank
 Capital and Surplus \$65,000.00.
 Brookings, So. Dak.

November 16, 1926.

W. A. Caldwell, President
 O. J. Otternes, Vice Prest.
 L. A. Otternes, Vice Prest.
 H. F. Haroldson, Cashier
 J. Clevan, Asst. Cashier
 J. L. Murphy, Asst. Cashier.
 A. R. Johnson, Asst. Cashier.
 F. M. Story, Asst. Cashier.

Special Meeting of Board of Directors.

Due to heavy withdrawals of deposits, a special meeting of the Board of Directors was held this 16th day of November to discuss plans of raising funds to meet the withdrawals, and after a general discussion it was unanimously decided that the Directors were unable to raise sufficient funds for this purpose. Also due to the fact that it is impossible at this time to estimate the amount that would likely be withdrawn, owing to general conditions and rumors that have been carried for some time. Therefore a motion was made by L. A. Otternes and seconded by H. F.

Haroldson that the following resolution be passed:

Resolved That due to the depletion of our reserve, the heavy withdrawals of deposits, and our inability to raise sufficient funds to meet these demands, and considering it to be for the best interest of the depositors and creditors, it was the unanimous vote of all the Board of Directors to suspend operation pending reorganization and the Chief National Bank Examiner of Minneapolis, Minn. be notified immediately.

W. A. CALDWELL
O. J. OTTERNES
A. M. WOLD
C. D. KENDALL
H. F. HAROLDSON
O. G. OYLAR
M. R. STAVEN
L. A. OTTERNES
ARTHUS R. JOHNSON

the Brookings Bank by telephone that the Brookings Bank had suspended operations. On the same morning, the Reserve Bank received the collection items which the Brookings Bank had mailed on the 16th. The Reserve Bank made the collections and credited the proceeds to the reserve account of the Brookings Bank, provisionally on the 17th, and finally on the 22nd. On November 18th, the Reserve Bank received the \$13,000 currency sent by the Brookings Bank, and credited that amount to the reserve account of the Brookings Bank.

These remittances by the Brookings Bank to the Reserve Bank of the collection items and of the currency were made by the Brookings Bank in contemplation of insolvency, and after the Brookings Bank was in fact insolvent. Mr. Haroldson had been in Minneapolis on November 15th and had had a conference with Mr. Young of the Reserve Bank

there, with a view to borrowing money to help the financial situation of the Brookings Bank. The condition of the Brookings Bank was gone into, the depletion of its reserve, and the decrease in its deposits. Mr. Haroldson testified that as a result of this conference, he reached the conclusion as managing officer of the Brookings Bank that the only thing to do was to close the bank, and that he returned home, reaching Brookings on the morning of November 16th, and took steps to close the bank; that one of the steps taken was to call the meeting of the Board of Directors; that the cash letter with the collection items and the \$13,000 currency were sent after he had stated to the Board of Directors the condition, after the resolution above mentioned was passed, and in the execution of his plan of closing the bank.

The Bank Examiner took possession of the bank on November 18th, and a Receiver was appointed December 3rd.

The Reserve Bank, on receiving from its member banks on November 13th and November 15th the checks on the Brookings Bank, had credited those checks to the member banks. On receiving word on November 17th of the failure of the Brookings Bank, these credits to the member banks were reversed.

On December 17, 1926, the Reserve Bank wrote to the member banks which had sent the checks on the Brookings Bank for collection as follows:

"Federal Reserve Bank
Chicago, Illinois.

Gentlemen:

"Referring to the transit items listed below on the Farmers National Bank of Brookings, South Dakota, received from you November 15, 1926, and charged back for non-remittance and for no return of the items, we write to say that we will endeavor to have the item made chargeable against the reserve account with us of the Brookings bank. If we succeed, we will remit to you in full for your item, but should we fail, the charging of the items back to you will have to stand."

The Reserve Bank did not enter on its books the two drafts from the Brookings Bank until January 27, 1927, as will be noted later.

Following the appointment of the Receiver for the Brookings Bank, correspondence was had between the Reserve Bank and the Receiver relative to the state of the accounts between the two banks and relative to certain items not here involved. In a letter from the Receiver of the Brookings Bank dated January 3, 1926, the following appears:

"Federal Reserve Bank,
Minneapolis, Minn.

Gentlemen:

"I am enclosing copy of letter received today from the Comptroller of Currency regarding the account of the Farmers National Bank with you.

* * * * *

"You will also note regarding the unpaid drafts which is being left to your wishes in the matter. Personally as Receiver I would not raise any objection to you charging the account with those drafts and believe that it would simplify matters if you would do so."

The letter referred to in the Receiver's letter, was from J. E. Fouts, Assistant Supervising Receiver, and sofar as here material, read as follows:

"As to the unpaid drafts held by the reserve bank which represent an attempted remittance by the Brookings bank to the reserve bank of the proceeds of the cash collection letters, you are advised that if the reserve bank desires and elects to assert ownership of the items involved, it has the right to do so, and if it takes this position it is believed that you cannot prevent it from charging the unpaid drafts to the account of your trust."

In answer to the Receiver's letter, counsel for the Reserve Bank wrote as follows:

"January 17, 1927

"L. C. Kranhold, Receiver
Farmers National Bank
Brookings, So. Dak.

Dear Sir:

"This bank has directed me to write you in answer to your letter of the 3rd inst. accompanied by copy of letter to you of December 29th from the Assistant Supervising Receiver, Division of Insolvent National Banks.

"Acting upon the statements in your letter and in that of Mr. Fouts, the assistant supervising receive, the Federal Reserve Bank has charged up against the reserve account of the Farmers National Bank of Brookings the two drafts for respectively \$22,114.22 and \$15,020.88 described in my letter to you of December 16th."

On January 27, 1927, the Reserve Bank charged the two drafts which the Brookings Bank had sent on November 16, 1926, against the reserve account of the latter bank; and on January 27, 1927, also, the Reserve Bank again credited the member banks with the amounts of the checks on the Brookings Bank which they had sent in to the Reserve Bank on November 13th and November 15th.

From the foregoing facts it seems clear: (1) that the passage of the resolution by the Board of Directors of the Brookings Bank on the evening of November 16th was

an act of insolvency; that, therefore the Brookings Bank was involvent at the time it sent the currency and the collection items to the Reserve Bank, and that these transfers were made in contemplation of insolvency (Nat. Sec. Bank v. Butler, 129 U.S. 223; Federal Res. Bank v. Omaha Nat. Bank 45 Fed. (2) 511 (CCA 8); Ball v. German Bank 187 Fed. 750 (CCA 8); (2) that on November 16th, when the Brookings Bank accepted the checks of the member banks and sent to their agent, the Reserve Bank, the two drafts, it became a debtor to the member banks, and they became its creditors; (3) the transfers of the currency and the collection items by the Brookings Bank were void as within the statute. They were made after an act of insolvency and in contemplation of insolvency; they were made with a view to prevent the application of the assets of the Brookings Bank in the manner prescribed by the statute; they were made with a view to the preference of one creditor to another. If the transfers stood, some creditors of the Brookings Bank would receive a preference over other creditors; the member banks which had owned the checks were the creditors, and they would receive a preference by having their claims paid in full.

It is contended by the appellee that the checks sent by the Reserve Bank to the Brookings Bank constituted a trust fund, and that this trust fund has been traced into the currency and collection items sent by the Brookings Bank to the Reserve Bank.

The trial court seems to have adopted this view as one of the grounds of its decision in ordering judgment for defendant.

We do not agree with this contention. It must be remembered that the checks sent to the Brookings Bank by the Reserve Bank were all of them checks drawn on the Brookings Bank. When the Brookings Bank accepted the checks, this produced no additional funds in its hands. Its assets were not augmented. No trust fund was created. If there was no trust fund, there could, of course, be no tracing of the trust fund into any assets of the Brookings Bank. The doctrine that a trust fund is created when checks drawn on bank A by a depositor therein are sent to bank A by bank B for collection, i.e., for payment has been disapproved by the decisions in this Circuit; as has also the doctrine that the forwarding bank or its principal has a general lien on the assets of the drawee bank for the payment of such checks. *Rorebeck v. Benedict, etc. Co.*, 26 F. (2d) 440; *Farmers National Bank v. Pribble*, 15 F. (2d) 175; *Larabee Flour Mills v. First Nat. Bank*, 13 F. (2d) 330; *Macy v. Roedenbeck*, 227 F. 346, 352; *Beard v. Independent Dist.*, 88 F. 375.

But even if it should be conceded that the Brookings Bank was an agent for the collection of the checks drawn on itself, and that the checks constituted trust property, yet the owners of the checks would have no preference over other creditors of the Brookings Bank unless there was a specific identification of the trust fund and a clear tracing of the same into the assets of the insolvent Brookings Bank. *Farmers Nat. Bank v. Pribble*, supra, and cases cited; *Dickson*

v. First National Bank, 26 F. (2d) 411 (C.C.A. 8); Macy v. Roedenbeck, supra.

In the Pribble case, this court, speaking by Judge Walter H. Sanborn, said (p. 176):

"It is indispensable to the maintenance by a cestui que trust of a claim to preferential payment (by a receiver) out of the proceeds of the estate of an insolvent that clear proof be made that the trust property or its proceeds went into a specific fund or into a specific identified piece of property which came to the hands of the receiver, and then the claim can be sustained to that fund or property only, and only to the extent that the trust property or its proceeds went into it. It is not sufficient to prove that the trust property or its proceeds went into the general assets of the insolvent estate and increased the amount and value thereof which came to the hands of the receiver.' * * *

"The doctrine that a cestui que trust, whose property had helped to swell the general assets of a corporation which was or became insolvent, has a prior right to or interest in those general assets, without specific identification and tracing of such claimant's property, was again expressly repudiated by this court in the case last cited. The fact that the claimant's property paid or reduced the indebtedness or liability of the insolvent corporation, so that it will pay a larger percentage of its debts, justifies no lien on its assets by or preference in payment to the cestui que trust (1) because such a reduction of indebtedness does not increase the property or the value of the property of the insolvent; and (2) because the property of the claimant so used to pay a part of the insolvent's general indebtedness or liability never goes into, and therefore cannot be traced into, the property or assets of the insolvent which subsequently come into the possession of the receiver."

That there has been no such tracing here, we think too clear for argument.

But it is contended that there was a segregation by the Brookings Bank in sending the currency and the collection items to the Reserve Bank. The answer is that such segregation was made after the insolvency of the Brookings Bank and at a time when it had no authority to make such a segregation. The segregation items were not the proceeds of the collection of the checks. Indeed, no such proceeds of collection

came into the hands of the Brookings Bank. There was simply a bookkeeping transaction - a shifting of credits.

Another contention of appellee is that the Reserve Bank was not a creditor of the Brookings Bank, but merely an agent of the member banks in forwarding their checks for collection; and hence that the Reserve Bank cannot be held liable for a preference. This view also was taken by the trial court.

We agree with the contention that the Reserve Bank was not a creditor of the Brookings Bank but an Agent of the member banks. We are of the opinion, however, that the question of liability of the Reserve Bank in this case is not necessarily disposed of by the finding that it was not a creditor.

If we are correct in what we have previously said, there was a preference in favor of some of the creditors of the Brookings Bank growing out of the transfers of the currency and the collection items to the Reserve Bank. The Reserve Bank participated in those transfers. It received the property transferred and it, in turn, transferred it to the creditors of the Brookings Bank. The action of the Reserve Bank as agent helped bring about the preference. What the Reserve Bank did, it did with full knowledge of the insolvency of the Brookings Bank.

Under these circumstances, we think the Reserve Bank can and should be held liable to the Receiver of the Brookings Bank. Ordinarily, where an agent receives money paid to him for his principal, to which his principal is not entitled, and without knowledge of the mistake pays the money to his principal, the agent is not liable. But that is not this case. The Reserve Bank had full knowledge of all the essential facts.

Under such circumstances, it could not rightfully pay over to its principals the money which had come into its hands from the insolvent Brookings Bank.

In *Larkin v. Hapgood*, 56 Vt. 597, one, Sawyer, paid certain moneys to the defendant who was acting as agent for his sister, and the defendant paid the moneys over to his sister. The payment to the defendant was illegal, as it was made when Sawyer was insolvent to the knowledge of the defendant and was made with the intent to prefer the defendant's sister, a creditor of Sawyer. The court held that the plaintiff, Sawyer's assignee in insolvency, could recover from the defendant, saying (p. 600):

"Where an agent received money which the law prohibits him from taking, it is no defence to a suit brought by the party from whom it was unlawfully taken, or one who has acquired the right to sue for the benefit of his estate to show that he has paid the money over to his principal."

In *Ex parte Edwards*, 13 Q. B. Div. 747, in which somewhat similar circumstances existed, it was said (p. 751):

"* * * if a person is employed as an agent to do a particular thing, and receives money for his principal in the course of his agency, still, if the person who employs him has no right to the money, the agent is not entitled to hand it over to him, and is liable for it to the true owner if he does so hand it over."

In the case of *Vann, as Receiver, v. Federal Reserve Bank of Richmond*, 47 F. (2d) 786, facts existed which, in many respects, were quite similar to those in the case at bar. The Federal Reserve Bank of Richmond had forwarded certain items for collection to a bank at St. George. Under facts which clearly showed insolvency and contemplation thereof, the St. George bank delivered a draft to the Federal Reserve Bank for certain of the items. Before notice of any claim on the part of the receiver of the St. George Bank, the Federal Reserve

Bank paid over the amount of such draft to its depositing banks. The court held the Federal Reserve Bank liable notwithstanding such payment, since the payment was made in violation of Sec. 5242, Revised Statutes, and was void, and the Federal Reserve Bank having participated in an illegal act, it could not exonerate itself by showing it was acting for others. In its opinion the court said (p. 788):

"If the collection of the money by the bank was a violation of the statute, and I have reached the conclusion that it was, and if the Reserve Bank knew that the effect of the payment would be to violate the statute and create a preference though it did not itself profit thereby, the act was obviously wrong, and the party participating in such a wrong may not exonerate himself by showing that he was acting for another."

See also *Elliott v. Swartwout*, 10 Pat. 137; *United States v. Pinover*, 3 F. 305, 309; *Wright v. Eaton*, 7 Wis. 595, followed in *Blizzard v. Brown*, 139 N.W. 737 (Wis.); *Notes*, Ann. Cas. 1912D 721; 20 A.L.R. 123; see *Mechem on Agency* (2nd Ed.) secs. 1440, 1441; 1 Am. & Eng. Encyc. of Law (2nd Ed.) p. 1131; 2 C.J., p. 823, sec. 497.

It is further contended by appellee that the correspondence above set out, and the fact that no answer was made by the receiver of the Brookings Bank to the letter of counsel for the Reserve Bank dated January 17, 1927, estopped the receiver of the Brookings Bank from claiming that the Reserve Bank could not rightfully charge the drafts which the Brookings Bank had sent against the reserve account of the Brookings Bank, including therein the currency and the collection items, and pay over to the member banks the amounts of the several checks which they had sent to the Reserve Bank on November 13th and 15th.

Assuming, but without deciding, that the receiver of a national bank may be subject to an estoppel which would prevent him from carrying out the purposes of the National Banking Act, yet we think this conten-

tion of estoppel is without merit, for several reasons: first, we think the letters of the receiver of the Brookings Bank and the letter of Mr. Fouts do not, by fair construction, refer to the paying over of money by the Reserve Bank to the member banks, but simply to a disposition of the drafts; second, the statement in the Fouts letter was conditional on the Reserve Bank's electing to assert ownership of the checks which it had sent to the Brookings Bank. This condition was not fulfilled by the Reserve Bank, but, on the contrary, the Reserve Bank has at all times maintained that the member banks were the owners of the checks and that it was a mere agent; third, the Reserve Bank apparently did not rely on failure of the receiver of the Brookings Bank to reply to the letter of January 17, 1927, because that letter states that the Reserve Bank had already charged up the two drafts against the reserve account of the Brookings Bank; fourth, the Reserve Bank is not in a position to set up an estoppel. All of the essential facts in the situation were known to the Reserve Bank as fully as they were to the receiver of the Brookings Bank or to Mr. Fouts, and probably even more fully. Under such circumstances, estoppel would not arise. 21 C. J., p. 1129, sec. 131, p. 1131, sec. 132; 11 Am. & Eng. Encyc. of Law, p. 434; Pomeroy's Eq. Juris. (3rd Ed.) sec. 810; Bailey v. Lisle Mfg. Co. 238 F. 257, 268 (CCA 8); Fellows v. National Can Co., 257 F. 970, 977, and cases cited; First Nat. Bank v. Noyes, 257 F. 593; Andrew Jergens Co. v. Woodbury, Inc., 273 F. 952, 965, affirmed 279 F. 1016; Murphy v. Paine, 15 F (2d) 570, 572; see Sturm v. Boker, 150 U. S. 312, 335.

What the Reserve Bank apparently tried to do was to build up the reserve account of the Brookings Bank after the latter's insolvency; and

then exercise the right of set-off, not in its own behalf, but in behalf of the member banks, against this reserve account so built up. We think neither of these things could legally be done.

In view of the facts that this action was brought to recover from the Reserve Bank on the theory that it was a creditor of the Brookings Bank, and the evidence has failed to show this; and in view of the facts disclosed by the present record which, in our opinion, point to liability on the part of the Reserve Bank, we think the ends of justice will be best served by reversing the judgment and remanding the cause with instructions to grant a new trial, first granting leave to the parties to amend their pleadings so as to cover issues suggested in this opinion.

It is so ordered.

Filed August 24, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6955

September 2, 1931.

SUBJECT: Code Words to cover Telegraphic Transactions in
Treasury Bonds and Certificates of Indebtedness.

Dear Sir:

In connection with telegraphic transactions in
Government securities between Federal reserve banks, the
following code words have been designated:

"NOWCEDAR" Treasury 3% Bonds of 1951-55, dated
September 15, 1931.

"NOWHINT" Treasury Certificates of Indebtedness,
Series TS-1932, dated September 15,
1931, due September 15, 1932.

These code words should be inserted in the Fed-
eral reserve telegraph code book on Page 172.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6956

September 2, 1931.

Dear Sir:

In the fall of 1930 the Assistant Secretary of State advised the Board that a committee, of which he was a member, had been appointed by the President, in accordance with a resolution of Congress, to prepare recommendations with regard to participation by the United States Government in the Chicago World Fair in 1933, and stated that if the Board considered that it should be represented the committee would appreciate being furnished with a statement outlining a general plan of its exhibit. The Board replied that the scope and details of a Federal Reserve System exhibit would be referred to a committee for study and report, and requested advice as to the space which would be available for a display which would probably be in the nature of an exhibition of charts, illustrating the organization and operation of the Federal Reserve System, and, possibly, if space permitted, a demonstration of certain labor-saving devices employed by the Federal reserve banks in listing checks, sorting currency, counting coin, etc., which would be in line with the theme of the Fair, "A Century of Progress."

The President's committee made its report, and the bill providing for an appropriation and for the appointment of a commissioner and staff to supervise the Government exhibit was presented at the last Congress and defeated, the Board is advised, on a technicality. The bill will again be presented at the forthcoming session of Congress, but until it is approved and the commissioner and staff appointed, no definite allotments of space can be made. It is suggested, however, that the Federal Reserve Board appoint its committee as soon as possible to work out the general character of the Federal Reserve System exhibit, leaving the size of the exhibit to be determined when final allocations of space are made.

It is the thought of the Board that the Federal reserve banks should give some consideration to the matter, and be prepared to submit, for the use of the committee to be appointed, suggestions as to the general nature of the exhibit or specific displays which might be interesting and helpful in developing the theme of the exhibit. The Board would like also to have suggestions as to the personnel of the committee to be appointed. It has had in mind that the committee might consist of a member of its own staff and representatives of several of the Federal reserve banks, probably those who in the past have prepared exhibits for conventions of the American Bankers Association. The Board would be pleased to have both the question of the personnel of the committee and the general character of the exhibit discussed at the forthcoming conference of Federal reserve agents.

By order of the Federal Reserve Board.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL F. R. AGENTS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6958

September 3, 1931.

Dear Sir:

The Federal Reserve Board has received replies from the Chairmen of all Federal reserve banks to its letter of June 10th, B-378, requesting certain data with regard to the group life insurance policies carried by the banks, and there are attached hereto, for your information, copy of a memorandum dated August 12th from the Assistant Chief of the Division of Bank Operations, and copy of a tabulation summarizing the information furnished by the various Federal reserve banks.

This information was compiled in connection with the Board's consideration of the opinion expressed by the last Governors' Conference that the question whether any further increase in life insurance for officers and employees of a Federal reserve bank is desirable is a matter for the determination of the board of directors of that bank, subject, if necessary, to the approval of the Federal Reserve Board.

Before taking any definite action on the matter, the Board would be pleased to receive any comments or suggestions which you may care to make in the light of the information submitted by the other Federal reserve banks.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL GOVERNORS AND CHAIRMEN.

FEDERAL RESERVE
BOARD

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To: Federal Reserve BoardDate: August 12, 1931From: Mr. Van FossenSubject: Group life insurance.

Referring to the Board's request of June 3, I beg to advise that we have received from the Federal reserve banks information in regard to the cost of their group life insurance during the current and the preceding years, together with group life insurance policies taken out and riders attached to group life insurance policies since March 1927 when the Board received copies of all group life insurance policies then in effect.

Amount of insurance and how determined. From the statement attached hereto, it will be noted that all Federal reserve banks, except Boston and St. Louis, carry group life insurance on officers and employees equal in amount to one year's salary with a maximum of \$5,000 at eight reserve banks, \$7,000 at Richmond and \$10,000 at Dallas. The Federal Reserve Bank of Boston carries insurance ranging from \$500 on employees with less than six months' service to \$3,000 on employees with ten years' service or more, and the Federal Reserve Bank of St. Louis carries insurance equal to two years' salary with a maximum of \$10,000.

Employees of all Federal reserve banks, except Philadelphia, Richmond and St. Louis, may take out additional insurance and in the case of Boston, Minneapolis, Kansas City and San Francisco the Federal reserve bank makes a contribution toward the expense of such insurance. Aggregate insurance paid for by the Boston bank amounts to 135.8 per cent of the bank's payroll while in the case of the St. Louis bank such insurance amounts to slightly over 200 per cent of the bank's payroll. The reason why the insurance carried by the St. Louis bank is more than twice the amount of its payroll, notwithstanding the limit of two year's salary on any one life, is that the insurance carried on each employee, instead of being the exact amount of two year's salary, is equal to the next multiple of \$500. In the case of the other ten Federal reserve banks the amount of insurance carried ranges from about 91 per cent of the bank's payroll to over 96 per cent.

Average cost of insurance. For the twelve banks as a whole the average insurance on which the entire expense is borne by the Federal reserve banks is \$1,806 per employee. The average amount of additional insurance carried by such employees as have taken advantage of the opportunity to obtain such insurance was \$1,941. The annual cost per employee of the insurance carried by the bank exclusively is \$12.21 and the average cost of the additional insurance paid for largely by the employee is \$14.28. The average cost per \$1,000 of insurance is \$6.76 per annum on insurance paid for by the bank and \$7.35 per annum on insurance paid for by the employee. The net cost of insurance carried by the banks amounts to about two-thirds of 1 per cent of the total salary roll.

Conversion option. All of the group life insurance policies contain a conversion option permitting an employee on leaving the service of the Federal reserve bank to convert his insurance into one of the standard forms of life insurance other than term insurance. In the case of the Philadelphia

and Kansas City Banks, however, the conversion option is contingent upon the consent of the Federal reserve bank.

Double indemnity for accidental death. The policies of the Kansas City and Dallas Banks contain a provision for double indemnity in the case of accidental death, at an additional cost of 75 cents per one thousand dollars at Kansas City and \$1.11 per one thousand dollars at Dallas.

Accidental death or dismemberment. In the St. Louis and Minneapolis policies there is a provision for double indemnity in the case of accidental death or dismemberment, at a cost of ten cents per month per thousand dollars. The premium on this insurance at Minneapolis is borne entirely by the employees.

Permanent total disability before age 60. All of the group life insurance policies include a provision for the payment of the face amount of the policy in the event of permanent total disability before age 60. The policies issued by the Equitable Insurance Company also contain a provision whereby the insurance on employees receiving permanent disability benefits may be continued at the option of the Federal reserve bank by continuing payment of the regular premium. There is nothing to indicate whether any of the Federal reserve banks have exercised this option.

Beneficiary. The employees are given the right to name the beneficiary under all of the policies except those of the Kansas City and Dallas Banks. The Federal Reserve Bank of Kansas City is specified as the beneficiary in its policy and the Governor of the bank as the beneficiary in the Dallas policy. The reason assigned by Kansas City and Dallas for this arrangement is that they are thereby enabled to make sure that the benefits go to the proper persons.

Mode of settlement. The policies generally provide the usual options as to mode of settlement, with the provision that payment shall be in a lump sum unless otherwise specified. The option as to the mode of settlement is given to the Federal reserve bank in the case of insurance paid for exclusively by the Federal reserve bank and to the employee in the case of the additional insurance, the cost of which is borne at least largely by the employees.

Waiting period. At five Federal reserve banks insurance on new employees is effective immediately, while the other seven Federal reserve banks have a waiting period from one to three months.

Time limit of eligibility for additional insurance. An employee who applies for additional insurance after the expiration of a specified time limit is required to furnish evidence of insurability. This time limit is two months in the case of four banks and three months in the case of the other five banks which make provision for additional insurance.

Percentage of eligible employees required to participate in contributory plan. The earlier policies providing for additional insurance contained a provision requiring 75 per cent of the employees, with a minimum of not less than 50 persons, to participate before the contract became effective. The more recent ones either do not contain any such provision or merely give the insurance company the option of discontinuing the policy at the end of any policy year in the event that the number of employees participating falls below these limits.

	Boston	New York	Phila- delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Francisco
Insurance company	Conn. General	Equitable	Aetna	Travellers	Equitable	Equitable	Equitable	Equitable	Equitable	Aetna	Minnesota	Aetna
Participating policy	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Insurance plan started:					(1)							
(a) Bank's insurance	7-1-19	7-20-16	4-22-19	1-2-17	12-2-18	8-20-17	8-16-16	11-27-16	5-1-17	4-15-17	12-23-16	3-1-18
(b) Employees additional insurance*	7-1-24	1- -26	5-13-30	4-15-25	-	11-20-27	6-30-27	-	7-12-27	9- 3-25	9-24-24	7-1-25
Insurance per individual:												
(a) Bank's insurance	\$500-\$3000 up to 10 yrs service	Years sal.	Years sal.	Years sal.	Years sal.	Years sal.	Years sal.	2 years salary(2)	Years sal.	Years sal.	Years sal.	Years sal.
(b) Employees' additional insurance	do	\$5000(3)	\$3000(4)	Men \$750- \$5000 Women \$500- \$2000	-	do	\$1000-\$5000	-	do	\$1000-5000	\$1000-5000	\$1000-4000
Maximum insurance per individual:												
(a) Bank's insurance	\$3,000	\$5,000	\$5,000	\$5,000	\$7,000	\$5,000	\$5,000	\$10,000	\$5,000	\$5,000	\$10,000	\$5,000
(b) Employees' additional insurance	3,000	5,000	3,000	5,000	-	5,000	5,000	-	5,000	5,000	5,000	4,000
(c) Total	5,000	10,000	8,000(5)	10,000	7,000	10,000	10,000	10,000	10,000	10,000	10,000	9,000
Aggregate insurance carried:												
(a) Bank's insurance	\$1,542,000	\$4,116,663	\$1,095,882	\$1,557,900	\$897,182	\$685,848	\$2,307,461	\$1,718,500	\$536,572	\$995,400	\$781,730	\$1,364,480
(b) Employees' additional insurance	1,095,600	2,846,000	31,000	1,199,250	-	646,400	1,861,500	-	520,600	827,000	740,185	951,000
Number of lives insured:												
(a) Bank's insurance	743	2,429	689	875	575	414	1,435	515	294	593	423	758
(b) Employees' additional ins.	661	751	11	803	-	383	1,114	-	277	532	423	566
Average amount of bank's ins. per individual	\$2,075	\$1,736	\$1,591	\$1,780	\$1,560	\$1,657	\$1,608	\$3,337	\$1,825	\$1,678	\$1,848	\$1,800
Ratio of bank's insurance to total sal.	135.8%	96.5%	93.9%	95.4%	94.5%	91.3%	94.3%	201.4%	96.6%	93.9%	94.0%	94.4%
Net annual premium on bank's ins.	\$12,170.54	\$21,094.00	\$7,660.00	\$11,804.88	\$5,269.36	\$6,270.22	\$19,137.84	\$6,374.07	\$5,076.73	\$9,473.06	\$4,699.49	\$9,886.22
Net contribution of bank to employees additional insurance.	449.47	-	-	-	-	-	-	-	2,323.62	2,386.52	-	540.00
Net annual payment by employees	7,898.56	14,438.03	472.41	9,843.65	-	5,862.51	15,379.59	-	2,738.49	4,962.00	4,454.67	7,066.64

*Expense borne in part by F. R. bank in case of Boston, Minneapolis, Kansas City and San Francisco.

- (1) To next multiple of \$100, if salary is not a multiple of \$100.
- (2) To next multiple of \$500, if two years' salary is not a multiple of \$500.
- (3) \$2,000 for employees receiving salaries under \$2,000 per annum.
- (4) For officers only.
- (5) Not to exceed one year's salary.

DIVISION OF BANK OPERATIONS
AUGUST 12, 1931.

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X-6959

FEDERAL RESERVE BOARD
STATEMENT FOR THE PRESS

For immediate release.

September 8, 1931.

Mr. Floyd R. Harrison has been appointed by the Federal Reserve Board to the position of Assistant to the Governor, effective September 16, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6960

September 8, 1931

Dear Sir:

This is to advise you that Mr. Floyd R. Harrison has been appointed by the Federal Reserve Board to the position of Assistant to the Governor.

Mr. Harrison is resigning as a member of the Federal Farm Loan Board to accept this appointment and will assume the duties of the office on September 16, 1931.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

To all Chairmen and Governors

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6961

September 9, 1931.

SUBJECT: Federal Reserve Note Shipments.

Dear Sir:

Reference is made to the Board's letter of April 6, 1923, X-3684, requesting that in the future requisitions for Federal reserve notes in denominations of \$500 and upwards include a request for a small amount of lower denominations, preferably fives or tens, in order to avoid as far as possible shipments of large amounts in partially filled pouches. This request, which was made in compliance with a suggestion of the Post Office authorities and the United States Secret Service, is being overlooked by some of the Federal reserve agents who lately have been requisitioning a small number of packages of large denomination notes without an accompanying request for a sufficient amount of smaller denominations to fill out the pouch.

Attention is called to the fact, however, that since the Board's letter above referred to, arrangements have been made for the shipment of the five dollar denomination by parcel post, and this reduced postal rate is lost when fives are pouched with denominations carrying the first class rate. Accordingly, it is suggested that henceforth tens or twenties be requisitioned to fill out pouches containing small shipments of the higher denominations.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS.

FEDERAL RESERVE BANK
OF MINNEAPOLIS

September 5, 1931.

Mr. Walter Wyatt,
General Counsel
Federal Reserve Board,
Washington. D. C.

My dear Mr. Wyatt:

I have your letter of the 3rd about the decision of the Circuit Courts of Appeals of August 24th in the case of Hirning, Receiver, vs. Federal Reserve Bank of Minneapolis.

Sigurd and I have decided not to make any application for reargument, thinking it would be a mere waste of time, for the decision covers every point in the case argued fully on our brief, and the Rules of the Court of Appeals say --

"The sole purpose of a petition for rehearing is to call attention to material matters of law or fact inadvertently overlooked by the court, as shown by its opinion. Mere reargument of issues determined by the opinion will be entirely disregarded".
In a petition for rehearing we could not show that the court had "inadvertently" overlooked any matter of law or fact.

The Federal Reserve Bank has directed us to petition the Supreme Court for a certiorari. I enclose copies of a tentative draft of such a petition, so that you may know what Sigurd and I rely on for having it granted. I also enclose a copy of the Record in the Court of Appeals, except only the decision in the case, which I judge you have seen.

The Clerk of the Court of Appeals has 35 copies of the Record, available to us for use in connection with the petition for certiorari. For a sufficient number of those records with the petition for the writ it is only necessary for the Clerk of the Court of Appeals to add in printing to the records the decision in the case, the cost of which, he says, will not exceed \$60. The printing of the petition and brief for certiorari will not amount to much, so you see the cost of getting the matter before the Supreme Court will not amount to much.

X-6962

Mr. Wyatt --2

Sept. 5, 1931

I send you copy of our draft for petition, which will show you our views of the decision of the Court of Appeals.

In the brief we shall prepare in support of the petition, I think we can point out clearly that the case comes within the subd. 5(b) of Rule 38 of the Supreme Court for the issuance of writ of certiorari, subject to the court's judicial discretion.

The Court of Appeals holding--

"That on November 16th when the Brookings bank accepted the checks of the member banks and sent to their agent, the Reserve Bank, the two drafts, it became a debtor to the member banks and they became its creditors". cannot but seriously affect all the Federal reserve banks, and so are several of the other holdings specified in our draft of the petition, as, for instance, that the Federal Reserve Bank of Minneapolis, doing nothing with the checks and currency sought to be recovered as a preference, except to give the Brookings bank available credit for them, until it had the consent of the receiver and the supervising receiver to charge the drafts against the reserve account, yet to stand liable as agent for the owners of the checks because of a wrong on its part in charging up the drafts and paying over the money coming to the owners of the checks.

You will also note that the Court of Appeals holds, in effect, that the lower court could not have given judgment against the Federal Reserve Bank, the suit having been brought against it as a creditor of the Brookings bank, and it being not a creditor.

Sec. 225(a) of Title 28 of U.S.C.A. says--

"The circuit court of appeals shall have appellate jurisdiction to review by appeal or writ of error final decisions", etc.

It is held that the jurisdiction of the Circuit Court of Appeals is statutory, and this is the statute, and it seems to me that it may be a serious question where, as in this case, the appeal is from a judgment of the district court, the circuit court of appeals has jurisdiction to grant a new trial upon pleadings framing new issues in that court; but I have not yet had time to study that question.

X-6962

Mr. Wyatt--3

Sept. 5, 1931.

While Sigurd and I think that we can properly present the petition and brief to the Supreme Court for a writ of certiorari, we have no objection to have Mr. Baker or any other counsel for the System on the petition and brief, nor would the petitioner have any objection to that, so will you please inform us what you or your Board may desire in that respect.

Yours very truly,

(Signed) A. Ueland

AU/MG

Enclo.

COPY

X-6962-a

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1931

NO. _____

JOHN HIRNING, as Receiver of the
Farmers National Bank of Brookings,

Respondent,

-vs-

FEDERAL RESERVE BANK OF MINNEAPOLIS,

Petitioner.

PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF APPEALS FOR
THE EIGHTH CIRCUIT, AND BRIEF IN SUPPORT
THEREOF.

To the Honorable, the Chief Justice and the Associate Justices
of the Supreme Court of the United States:

Your Petitioner, the Federal Reserve Bank of
Minneapolis, prays that a Writ of Certiorari in the above en-
titled cause be issued to the United States Circuit Court of
Appeals for the Eighth Circuit.

SUMMARY STATEMENT OF THE MATTER INVOLVED.

The Respondent brought this suit in the District
Court of the United States for the District of Minnesota to re-
cover \$21,355.82 and interest, alleging that the Petitioner had

received checks and currency to that amount of the Farmers National Bank of Brookings (hereinafter called the Brookings Bank) as a preferred creditor of that Bank. As a clearing house for its member banks under Section 16 of the Federal Reserve Act and Regulations of the Federal Reserve Board the Petitioner had received from member banks checks on the Brookings Bank, on November 13, 1926, to the amount of \$22,140.22, and on November 15, 1926, to the amount of \$15,020.88, and had forwarded them by mail on the dates of receipt to the Brookings Bank for payment and remittance. As some checks were returned unpaid, the suit involved checks for \$22,059.11 of those sent on the 13th, and for \$14,880.86 of those sent the 15th, in all checks for \$36,939.97.

Under the Regulations the Petitioner gave provisional credit for the checks to the banks from which they were received. The Regulations provided that the Petitioner would act as agent only, and assume no liability except for its own negligence; that it could send the check direct to the bank on which they were drawn; that it might in its discretion accept either cash or bank draft in payment or remittance, and not be liable for any loss resulting from acceptance of bank draft instead of cash, nor for the failure of the drawee bank to remit, nor for the non-payment of any bank draft accepted in payment or as a remittance, and that any check for which payment in actually and finally collected funds was not received should be charged back to the forwarding bank, regardless of whether or not the check itself was returned.

All the checks were in the Brookings Bank in the morning of November 16th. During the banking hours that day the Brookings Bank

drew and mailed to the Petitioner two drafts, one for the amount of the unreturned checks of November 13th, the other for the amount of the unreturned checks of November 15th, both drawn on the Petitioner. Its account with the Petitioner was insufficient to meet these drafts, and for the purpose of providing sufficient funds for the drafts, the Brookings Bank, during its banking hours November 16th, segregated from its assets checks it held against other banks to the amount of \$10,029.07 and currency to the amount of \$13,000.00, and enclosed the checks in a letter addressed to the Petitioner, which was mailed in the evening of the 16th. The currency was on that day placed in a package addressed to the Petitioner, but as the postmaster did not want to keep the currency overnight for the mail, it was not mailed until in the morning of the 17th. The checks were received by the Petitioner in the morning of the 17th, and the currency in the morning of the 18th. The Petitioner credited the Brookings Bank's account with the \$8,355.82 collected on the checks, and with the \$13,000.00 in currency, but the account being still insufficient to meet the drafts the Petitioner refused to accept the drafts and on the 18th it charged back the checks for \$36,939.97 to the member banks from whom they were received. During banking hours on the 16th, the Brookings Bank entered upon its books a charge against the Petitioner for the two drafts and a credit to itself for the checks and the currency. The Board of Directors of the Brookings Bank met in the evening of the 16th, after those book entries were made, and after the two drafts were mailed, but before the letter with the checks and the package with the currency had been placed in the mail, and

"RESOLVED, that due to the depletion of our reserve, the heavy withdrawals of deposits, and our inability to raise sufficient funds to meet these demands, and considering creditors, it be unanimous vote of the Board of Directors to suspend operation pending reorganization, and the Chief National Bank Examiner of Minneapolis, Minn. be notified immediately."

The Brookings Bank had cash on hand in the morning of November 16th to the amount of \$39,247.21. During the day this was reduced to \$6,725.73, which came into the hands of the Receiver. Counting the \$13,000.00 in currency, set apart the 16th and mailed the 17th, the Brookings Bank had on hand when it closed, cash to the amount of \$19,725.73.

On November 16th, the Petitioner was directed by telegram from the Brookings Bank to purchase for its account Liberty Bonds to the amount of \$10,000.00. It did so the same day, paying \$10,188.82, which it charged against the Brookings Bank's account, and on the same day the Brookings Bank credited Petitioner this upon its books.

A national bank examiner came to the Brookings Bank in the morning of November 18th. He called in the Directors, who thereupon passed a resolution stating -

"That the Bank be ordered continued closed and its affairs placed in full and complete charge of Wm. F. Huck, national bank examiner, with full and complete power to employ such assistance as is necessary to protect the assets of the bank for the best interest of the depositors and stockholders while he is in charge."

On November 18th, while this national bank examiner was in charge, the checks for \$36,939.97 were charged up against the accounts of the depositors and drawers, and after a receiver had been appointed for the Bank December 3, 1926, he returned the checks to the drawers.

The Receiver appointed contended that the Petitioner was not entitled to credit for the \$10,188.82 paid for the Liberty Bonds and

was dismissed. But no claim was asserted by the Receiver against the Petitioner for the \$8,355.82 in checks or the \$13,000.00 in currency until shortly before the present suit was commenced on March 14, 1929.

In the meantime, and on January 3, 1927, the Receiver wrote to the Petitioner, enclosing a copy of a letter to him from J. E. Fouts, Assistant Supervising Receiver of Insolvent Banks, dated November 29, 1926, in which the writer said:

"As to the unpaid drafts held by the reserve bank which represent an attempted remittance by the Brookings Bank to the reserve bank of the proceeds of the cash collection letter" (referring to the two drafts of November 16 and the checks of November 13th and 15th) "you are advised that (if the reserve bank desires and elects to assume ownership of the items involved it has the right to do so, and if it takes this position it is believed that you cannot prevent it from charging the unpaid drafts to the account of your trust)."

In his letter enclosing this copy the Receiver said:

"You will also note regarding the unpaid drafts which is being left to your wishes in the matter. Personally, as Receiver, I would not raise any objection to your charging the account with these drafts and believe that it would simplify matters if you would so do."

On January 27, 1927, the Petitioner, relying on these letters and on advice of counsel, charged the two drafts against the reserve account of the Brookings Bank and remitted the \$36,939.97 to the member banks for the checks received from them November 13th and 15th.

Credit stood on its books to the Brookings Bank for nearly two and one-half months for the \$8,355.82 in checks, and for the \$13,000.00 in currency, subject with the other credits to the account to the Receiver's check, and would have been paid he he not also drawn for the \$10,188.82 which had been charged against the account for the Liberty Bonds.

The case was tried before Judge John B. Sanborn of the District Court, who gave judgment for the Petitioner. From this judgment Respondent appealed to the Circuit Court of Appeals for the Eighth Circuit. On August 24, 1931, that Court filed its decision by which it disposed of the appeal as follows:

"In view of the facts that this action was brought to recover from the Reserve Bank on the theory that it was a creditor of the Brookings Bank, and the evidence has failed to show this; and in view of the facts disclosed by the present record which, in our opinion, point to liability of the Reserve Bank, we think the ends of justice will be best served by reversing the judgment and remanding the cause with instructions to grant a new trial, first granting leave to the parties to amend their pleadings so as to cover issues suggested in the opinion. It is so ordered."

THE REASONS RELIED ON FOR THE ALLOWANCE OF
THE WRIT.

In its decision the Circuit Court of Appeals held -

1. That "the checks were charged by the Brookings Bank against the various drawers who were depositors in said bank on November 16th", although the record showed, conclusively, that they were so charged by the National Bank Examiner after the Brookings Bank had closed and while he was in possession of the Bank's assets and the checks.

2. "That on November 16th, when the Brookings Bank accepted the checks of the member banks and sent to their agent, the Reserve Bank, the two drafts, it became a debtor to the member banks, and they became its creditors."

3. That "the transfers of the currency and the collection items by the Brookings Bank were void as within the Statute", that is to say as a preference under Sec. 5242, Revised Statutes, Title 12, Section 91 U. S.

C. A.

4. That "If the transfers stood, some creditors of the Brookings Bank would receive a preference over other creditors; the member banks which had owned the checks were the creditors, and they would receive a preference by having their checks paid in full".

5. That "When the Brookings Bank accepted the checks this produced no additional funds in its hands. Its assets were not augmented. No trust fund was created".

6. "But even if it should be conceded that the Brookings Bank was an agent for the collection of the checks drawn on itself, and that the checks constituted a trust property" that trust property was not traced to the checks set apart for the Petitioner on November 16th, and mailed that day, or to the \$13,000.00 in currency set apart in a package for the Petitioner on the same day and mailed November 17th, or to any of the cash on hand by the Brookings Bank on November 16th which came into the hands of the Receiver.

7. That "the segregation items were not the proceeds of the collection of the checks".

8. That although the National Bank Examiner had charged up the checks against the depositors' accounts, and the Receiver had returned the checks to the drawers, and the \$21,355.82 sought to be recovered and other credits of the Brookings Bank had stood on the books of the Petitioner for nearly two and a half months as available credit to the Brookings Bank, and subject to the Receiver's check, and the Receiver and the Supervising Receiver had consented in writing to have the two drafts charged against the reserve account of the Brookings Bank, and the Petitioner relying thereon, and on the advice of counsel, had done so, and had paid over to owners the \$36,939.97 called for by the checks, there was no estoppel

against the Receiver.

9. That although, as held by the Court "the Reserve Bank was not a creditor of the Brookings Bank, but an agent of the member banks, * * * there was a preference in favor of some of the creditors of the Brookings Bank growing out of the transfers of the currency and the collection items to the Reserve Bank". That "The Reserve Bank participated in those transfers". That "It received the property transferred and it, in turn, transferred it to the creditors of the Brookings Bank". That "The action of the Reserve Bank as agent helped bring about the preference.

* * * That "Under these circumstances we" (the Court of Appeals) "think the Reserve Bank can and should be held liable to the Receiver of the Brookings Bank".

10. That although (said the Court) "this action was brought to recover from the Reserve Bank on the theory that it was a creditor of the Brookings Bank, and the evidence has failed to show this," there should be a new trial on new and different pleadings in the lower court.

The Petitioner is advised by counsel and believes that the Circuit Court of Appeals erred with respect to the several holdings specified above, and relies thereon as reasons for granting this petition.

In the brief attached, the Petitioner points out more specifically these errors, and that this cause comes within the provisions of Section 5 (b) Rule 38 of this Court for the issuance of a Writ of Certiorari.

ANDREAS UELAND
SIGURD UELAND
Counsel for Petitioner.

UNITED STATES OF AMERICA)
DISTRICT OF MINNESOTA) ss
COUNTY OF HENNEPIN)

ANDREAS UELAND, being duly sworn, says that he is one of the counsel for the Petitioner named in the foregoing petition and that he knows the contents of said petition, and that the facts therein stated are true to the best of his knowledge and belief.

ANDREAS UELAND

Subscribed and sworn to before me
this _____ day of _____, 1931.

(Maud Goldsbury)

Notary Public, Hennepin County, Minn.
My Commission expires Dec. 16, 1936

STATEMENT OF BUREAU OF ENGRAVING AND PRINTING

Federal Reserve Notes, Series 1928.

August 1 to 31, 1931.

	<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$50</u>	<u>\$100</u>	<u>\$500</u>	<u>\$1000</u>	<u>\$5000</u>	<u>Total sheets</u>	<u>Amount</u>
New York	75,000	-	-	-	-	-	-	-	75,000	\$ 6,937.50
Philadelphia	-	-	-	18,000	-	-	-	-	18,000	1,665.00
Cleveland	-	-	-	-	-	4,100	1,700	100	5,900	545.75
St. Louis	108,000	79,000	6,000	-	-	100	-	-	193,100	17,861.75
Minneapolis	-	-	-	4,000	4,000	-	-	-	8,000	740.00
Kansas City	-	50,000	25,000	34,000	17,000	1,700	850	-	128,550	11,890.88
San Francisco	100,000	45,000	20,000	12,000	5,000	-	-	-	182,000	16,835.00
	<u>283,000</u>	<u>174,000</u>	<u>51,000</u>	<u>68,000</u>	<u>26,000</u>	<u>5,900</u>	<u>2,550</u>	<u>100</u>	<u>610,550</u>	<u>\$56,475.88</u>

610,550 sheets @ \$92.50 per M, \$56,475.88

RECOMMENDATIONS OF THE COMPTROLLER OF THE CURRENCY,
ANNUAL REPORT, 1930

I. Group and Chain Banking

No national bank should be permitted to become a part of a group banking system, except on the condition that all other banks in the group are national banks; and when a State member bank of the Federal reserve system is a part of a group, the Federal Government should be given visitorial powers over the entire group. More specifically:

(a) No corporation should be permitted to own a majority of the stock of a national bank if it owns at the same time a majority of the stock of a State bank.

(b) The Comptroller of the Currency should be given visitorial power over any corporation owning a majority of the stock of a national bank.

(c) No national bank should be permitted to make a loan on the security of the stock of a corporation owning a majority of the stock of the lending bank.

II. Branch Banking

A. The McFadden Act should be amended to permit national banks in important commercial and financial centers to establish branches in the area that is economically and financially tributary to such centers without regard to State boundaries or to State banking laws. The privilege should be limited to banks in cities serving a territory sufficient to provide economic diversification. The trade area within which banks located in such cities may extend their branches should be defined by a committee consisting of the Comptroller of the Currency, the Secretary of the Treasury, and the Governor of the Federal Reserve Board. Banks permitted to have branches in a trade area should have a minimum capital of \$1,000,000 and the extension of branches should be subject to the approval of the Comptroller of the Currency.

B. The National Bank Consolidation Act should be amended to permit any bank within the trade area to consolidate under national charter with the approval of the Comptroller of the Currency.

III. Affiliates

A. The Comptroller of the Currency should have authority to examine security or investment companies affiliated with national banks.

IV. Fiduciary Powers

A. The law should be amended to provide that the exercise of fiduciary powers shall be one of the corporate powers of a national banking association, subject to the existing limitations regarding State laws now contained in the Federal Reserve Act.

V. Liquidation of National Banks

A. The Comptroller of the Currency should be given supervision of national banks going into voluntary liquidation and the liquidating agent should be required to give bond and render reports to the Comptroller of the Currency in the same manner as the receiver of an insolvent bank.

VI. Circulating False Reports

A. It should be made a crime to maliciously make or circulate any false report concerning a national bank, or a member of the Federal reserve system, which imputes insolvency or unsound financial condition.

VII. Banks in the District of Columbia

A. Certain recommendations are included regarding changes in the laws governing banks in the District of Columbia.

RECOMMENDATIONS OF THE NEW YORK SUPERINTENDENT OF BANKS,
MR. JOSEPH A. BRODERICK, IN HIS ANNUAL REPORT,
RELEASED JANUARY 7, 1931.

I. Supervision

A. Permit the Superintendent of Banks in his discretion to omit one examination a year of a bank or trust company which is a member of the New York Clearing House Association and accept in lieu thereof the report of the Clearing House examination made during the year.

B. Require the directors of a banking institution to examine it at least every six months, such examinations to include a complete review by each director of all loans and investments in excess of one-tenth of 1 per cent of the capital and surplus of the institution. At least once in every two years this examination to include a complete verification of the bank's deposit liabilities.

II. Officers and Directors

A. Permit the Superintendent of Banks to remove officers and directors of banking institutions who have persistently violated the banking laws or who have been guilty of continuance of unsafe or unsound banking policies.

B. Prohibit any officer or employee of a bank to borrow from or otherwise become directly or indirectly obligated to the institution by which he is employed.

C. Prohibit any officer of a bank from becoming an officer of any company engaged primarily in the purchase or sale of securities.

D. Require a director of a banking institution who is directly or indirectly obligated on any loan made by such institution either to him or to others to file once a year with the bank, and at such other times as the Superintendent of Banks may require, a statement of his financial condition.

E. Require banks to render each year to stockholders a report of the attendance of directors at meetings held during the year.

III. Chain, Group, and Branch Banking

A. Permit the Superintendent of Banks to examine any corporation owning 10 per cent or more of the capital stock of any corporation organized under the banking laws.

B. Require any holding company owning stock in a banking institution to maintain reserves or to furnish a surety bond to protect the double liability attaching to such stock.

C. Permit savings banks, with the approval of the Superintendent of Banks, to establish deposit and withdrawal stations in the county in which the principal office is located, and to move to another place within a county branch offices acquired by a merger with other savings banks.

IV. Affiliates

A. No banking institution should be permitted to invest more than 10 per cent of its capital and surplus in the stock or obligations of an affiliate or its subsidiaries, or to extend to an affiliate a loan of over this amount or to lend more than this on security of shares or obligations of an affiliate.

B. The stock of all banks subject to the department of banking should be evidenced by individual certificates of stock which shall not be coupled with the stock of any other corporation. All such arrangements now obtaining should terminate within two years.

V. Mergers

A. Permit prompt mergers of banking institutions in emergency without a vote of the stockholders and without the usual two weeks notice. This should be possible only with the approval of the Superintendent of Banks and on his declaration that the merger is necessary to prevent the closing of one of the insti-

VI. Reserve Requirements

A. Require banks and trust companies to maintain reserves against time deposits.

B. Forbid deduction of foreign exchange balances in computing net demand deposits subject to reserves.

VII. Investments

A. Limit the aggregate amount a banking institution may invest in stocks and bonds of other corporations.

B. Permit the Superintendent of Banks at the expense of banking institutions, including savings banks, to order an appraisal of real estate owned or mortgaged to the bank by an independent impartial appraiser of recognized standing.

VIII. Segregation of Accounts

A. Require segregation of thrift accounts in commercial banks in cities over 75,000 and place a restriction on the investment of such thrift funds.

IX. Bankers Balances

A. Limit the funds a banking institution may deposit in any other bank, distinguishing deposits in designated reserve depositaries, in domestic institutions not acting as reserve agents, and in foreign banking institutions.

X. Private Bankers

A. Require a periodic audit of the deposit liabilities of private bankers by an independent auditor.

B. Require private bankers to discontinue accepting deposits by June 30, 1931 and to liquidate their deposit liabilities by December 31, 1931.

PRINCIPAL RECOMMENDATIONS MADE BY GOVERNOR ROOSEVELT'S BANKING COMMISSION (GEORGE W. DAVISON, CHAIRMAN); JANUARY 29, 1930.

I. Supervision

The Banking Department should be kept out of politics. It should also be enlarged and reorganized and salaries should be raised--e.g., the salary of the Superintendent should be raised from \$12,000 to \$15,000, he should have an assistant at \$12,500, and the next six members of his department--all to be under civil service--should get \$12,000 each.

The Banking Department should be given more extensive powers relative to the examination of such private banks as make a practice of accepting deposits.

The Banking Superintendent should be given a limited authority to examine affiliates of banks--i.e., to the extent required to obtain full information as to the financial condition of the bank.

Investment trusts should remain exempt from examination by the Banking Department.

Caution should be exercised in chartering new institutions.

II. Officers and Directors of Banks

Law enforcement officers, including judges and district attorneys, should be prohibited from serving as officers or directors of banks.

It should be the duty of bank officers to inform their directors of disciplinary communications from the Banking Department.

To impose additional responsibilities on bank directors, beyond specified limits, would discourage men of the type needed by banks from serving as directors.

III. Chain and Branch Banking

Chain banking should be prohibited and branch banking confined to limited regions. It is important, however, that State and Federal Laws

on these matters should be uniform, and for this reason further study should precede further legislation.

Savings banks, subject to the approval of the Banking Superintendent, should be permitted to open receiving and paying stations.

IV. Reserve Requirements

The law should be amended to require the establishment for State institutions of 3 per cent reserves against all time deposits--which are at present exempt from reserve requirements; attention is called to the fact that so-called thrift deposits in commercial banks are for practical purposes demand deposits. The segregating of thrift or savings accounts is not recommended.

The same reserves against deposits should be required of private bankers as are required of incorporated banks.

V. Fiduciary Powers

The law should be amended to permit any banking association organized under Federal law to become a trust company under State law.

This commission was appointed August 19, 1929, and reported January 29, 1930. It was composed of George W. Davison of New York, Chairman; Howard Bissell of Buffalo; James Byrne, Darwin R. James, Russell C. Leffingwell, Henry W. Pollock, Ray Morris, Jesse Isadore Strauss, and William H. Woodin, all of New York, and Messrs. Campbell and Cheney, members of the New York State Senate.

The report of this commission was submitted at the same time as a report from another investigating agency--the so-called "Legislative Committee," which had been named to consider savings banks. The reports of the two agencies do not agree in all respects.

MR. WARBURG'S SUGGESTIONS FOR CHANGES IN BANKING
LAW AND PRACTICE

The following suggestions made by Mr. Warburg are listed without much explanation as they appeared in his Chapter XII entitled "Looking Forward" in the book on the Federal Reserve System, Volume I, page 456, et sequ.

1. He believes that the introduction of term settlement would increase the market for bills and diminish the amount of call loans.

2. He wants to bring about some rule by which each bank that invests a given amount in call loans should be required to invest an equal amount in acceptances or loans thereon. This also would increase the market for bills and would give the banks a secondary reserve in the discount market.

3. He wants to have a similar rule apply to loans made by banks for account of nonbanking lenders. Only in that case the amount invested in bills does not need to be 100 per cent of the loan. He thinks that the law might fix a maximum percentage and the Federal Reserve Board determine a minimum percentage.

4. Remove income tax on income from acceptances.

5. Possibly establish a higher rate on discounts secured by Governments.

6. Is negative. He disapproves of lombard loans. "One shudders to think what would happen to the Federal reserve system if its doors were open for the carrying of stock exchange collateral."

7. He does not believe in regulating commodity prices.

8. He wants to introduce a system by which immediate credit will be given to banks for all checks deposited and interest charged for the time necessary for the check to reach its place of payment, but not for the return trip. He believes that this would give the system a very large contact with the market and would supplement its open-market powers. He thinks that member banks might have the choice of getting deferred credit, or pay interest and

get immediate credit.

9. In order not to bring about inflation by the adoption of immediate credit, the Board should have authority to raise required reserves on time deposits.

This matter of immediate credit at interest is not sufficiently clearly stated in the book. Presumably there are other places where Mr. Warburg has elaborated.

10. Abolish national bank notes.

11. Establish and maintain a definite relationship between the discount rate and the rate paid by banks on deposits.

12. Modification of Federal Reserve Board membership:

(a) Each appointive member to spend his last four years: 2 as Vice-Governor, and 2 as Governor of the Board.

(b) The Governor should be Chairman of the Board and the Vice-Governor the Vice-Chairman.

(c) Secretary of the Treasury should not be on the Board, but the Undersecretary should.

(d) The Comptroller of the Currency should either be under the Board or off the Board.

(e) Board members whose terms expire should be eligible for reappointment by the President without confirmation of the Senate.

(f) In addition to the eight members of the Board now provided for, there should be four members selected by the President from a list submitted by four groups of Federal reserve directorates. Each group should comprise the directorates of three reserve banks acting jointly. These four members would, therefore, be representatives of the Federal reserve banks on the Board. The members should attend only monthly meetings at which open-market policy and discount rate policy would be determined. They would live outside of Washington and be contact points. Their salaries would be paid by the reserve banks and the intimation is that they would be in proportion to the salaries paid to officers of the reserve banks, rather than to the Federal Reserve Board.

13. Mr. Warburg also proposes a change in the method of electing directorates of the reserve banks. The election should be made by the branch terri-

tories, each branch territory selecting three Class A and Class B directors, and the Board appoint three Class C directors. From each of these branch territories one of the Class A and one of the Class B directors should be selected to serve on the directorate of the Federal reserve bank, the Class C directors being appointed for the purpose by the Federal Reserve Board as at present.

COPY

TELEGRAM

X-6966

FEDERAL RESERVE SYSTEM

52bs

Boston Sept 9 1215P

Walter Wyatt

General Counsel Washington

Referring to case of Hirning v. Federal Reserve Bank of Minneapolis think it presents unusual facts and does not necessarily involve any legal point of importance to system as whole believe therefore that Ueland should use his own judgment as to petitioning Supreme Court for certiorari but do not think it necessary to employ system counsel

Weed

1128A

COPY

TELEGRAM

X-6966-a

FEDERAL RESERVE SYSTEM

116dea

Cleveland 1250p sep 9

Wyatt

Washn

Your wire september 8 after considering opinion of circuit court of appeals in hirning case but before reading Uelande's proposed petition we feel filing petition in supreme court in-advisable and if same is filed that system counsel should not participate in case in supreme court of UnitedStates.

Sterling Newell

1253p

COPY

TELEGRAM

X-6966-b

FEDERAL RESERVE SYSTEM

7Orhu

Richmond 345p sept 9

Wyatt

Washington

Your telegram September ninth approve petition to Supreme Court Of United States for certiorari in Hirning against Federal Reserve Bank Of Minneapolis stop Think importance of case would justify employment of system counsel but somewhat doubtful as to whether system counsel would materially increase chance of success.

Wallace

352p

COPY

TELEGRAM

X-6966-c

FEDERAL RESERVE SYSTEM

55fy

Atlanta 1114a Sept 10

Wyatt

Washington

Referring Hirning against Reserve Bank my personal opinion is that court would not grant petition for certiorari and that even if case were reviewed neither minneapolis bank nor system as a whole would be benefited Stop Under facts of case there was in my opinion a void transfer of assets rendering Reserve Bank liable although certain portions of court's reasoning might be subject to criticism Stop In view of change in regulation J any subsequent case would necessarily differ from decided case in certain essential facts but am afraid supreme court in deciding case might lay down broad principles which would hereafter embarrass reserve banks in routine collection transactions with banks known to be weak Stop Personally I see no reason for retaining special counsel but if Judge Ueland desires counsel and you think advisable Atlanta bank will cooperate with other banks Stop Above are my personal views although I hesitate to suggest that Minneapolis bank refrain from taking further steps which might save possible monetary loss

Parker

1225pm

COPY

TELEGRAM

X-6966-d

FEDERAL RESERVE SYSTEM

190gmr

Chicago Sept 11 237p

Wyatt

General Counsel Federal Reserve Board Washington

Referring your telegram September eighth feel that it would be wise to have the petition for Certiorari Hirning case filed stop In case of Carson verses Federal Reserve of New York 172 Northeastern reporter 475 court of appeals of NY through cardozo held federal reserve bank merely agent and therefore liability was on its principals stop If counsel for other federal reserve banks think matter important enough I am ready to advise Chicago bank to participate in making matter a system matter.

Meyer.

248p

COPY

TELEGRAM

X-6966-e

FEDERAL RESERVE SYSTEM

161gb

StLouis Sept 9 1209p

Walter Wyatt,

Board Washington.

Hirning against Minneapolis bank opinion came to me yesterday morning. Your wire came after I had left the office stop. The opinion of the Circuit Court while sound on some of its points I believe to be unsound on others, which, if left unchallenged, will undoubtedly work a hardship on the system stop. I believe the writ of certiorari should be applied for and while I have the highest regard for Judge Uelands ability I believe the system should be represented.

Mcconkey.

118p

COPY

TELEGRAM

X-6966-f

FEDERAL RESERVE SYSTEM

84gb

Kansascity 1011am Sept 9

Wyatt

Board Washington

Can see no harm in review of Hirning case by Supreme Court although it seems to me that it will be difficult to obtain writ. Believe that it is unlikely that similar transaction will occur with any federal reserve bank in future and do not consider that case involves questions of system importance. For that reason do not believe system counsel should be employed but am sure our bank will readily join if it should be determined that case be handled in that manner

H G Leedy

1125am

COPY

TELEGRAM

X-6966-g

FEDERAL RESERVE SYSTEM

53gb

Dallas Sept 9 910am

Wyatt,

Washington

Re your wire yesterday and letter september third concerning Hirning vs. Reserve Bank Minneapolis stop. See no objection to application for writ of Certiorari but doubt that supreme court will grant same. Refusal may strengthen circuit court opinion stop. Our opinion decision circuit court probably sound unless court erroneously states facts stop. See no objection to employing system counsel if facts stated incorrectly by court or if majority bank counsel think opinion unsound.

Stroud.

1025am.

COPY

TELEGRAM

X-6966-h

FEDERAL RESERVE SYSTEM

203gb

Sanfrancisco Sept 10 1139am

Wyatt

Washington.

Your letter September 3 regarding Hirning receiver against Minneapolis and your wire September 8 stop. Yesterday being state holiday have today thoroughly discussed this matter with officers this bank stop. They feel as I do that district court decision adopting theory of peters case under circumstances existing was improper and that decision circuit court appeals constitutes sound law stop. This conclusion predicated first upon fact that at time remittance drafts were received reserve balance was insufficient and second when reserve balance became sufficient through remittance of cash and collection items reserve bank had actual notice of insolvency stop. In neither case we believe could remittance drafts be properly functioned. We therefore feel that no petition for certiorari should be filed. This conclusion is predicated upon particular facts recited in opinion circuit court appeals and upon general rule which we believe sound that federal reserve bank should refuse to function remittance drafts on reserve balances after actual notice of insolvency.

Agnew

323p

COPY

FEDERAL RESERVE BANK

X-6966-1

OF NEW YORK

September 12, 1931.

Walter Wyatt, Esq., General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

I have received your letters and telegrams regarding the case of *Hirning v. Federal Reserve Bank of Minneapolis*, and I am writing you now in order to indicate briefly what my views are although I have not been able to study as carefully as I would like the opinion and other papers which you have sent me.

From the standpoint of the Federal Reserve System as a whole, it seems to me that it would be better if no application for a writ of certiorari to the Supreme Court were made in the case. I believe the chances are against a reversal even if such an application were granted, and we have found from experience in other cases that there is always the danger that an opinion may contain dictum which goes beyond the facts of the immediate case. I recognize the importance of establishing the principle that Federal Reserve Banks are not liable to refund remittances received from banks which subsequently close, but I think this case is an unfavorable one from the standpoint of Federal Reserve Banks in which to test that principle, because at the time the remittance was received a definite decision to close the remitting bank had been made and was known to the Federal Reserve Bank. I think there is a real distinction on this ground between this case and a case in which at the time the remittance is received no steps have been taken to close the remitting bank, and the alleged liability of the Federal Reserve Bank is predicated merely on the ground that it had sufficient information regarding the affairs of the remitting bank to constitute knowledge of an insolvent condition.

These comments are offered merely for what they may be worth. The Federal Reserve Bank of Minneapolis and its counsel are of course in a much better position than anyone else to make the decision as to whether or not it is advisable to apply for a writ of certiorari, and I am sure that whichever they decide their decision will be the sound one under all the circumstances.

As a matter of principle, I think the employment of System counsel is always advisable in cases which are of particular importance to all Federal Reserve Banks, and I believe that this is such a case. If application for writ of certiorari is made, therefore, I think it would be appropriate to follow the usual procedure in regard

to the employment of System counsel as Judge Ueland has already suggested, and I am sure that this bank will be glad to pay its pro rata share of the expense involved.

Yours faithfully,

(Signed) Walter S. Logan,
Deputy Governor and General Counsel.

COPY

X-6966-j

373

Squire, Sanders & Dempsey

Counsellors at Law

Cleveland September 9, 1931.

In re; Hirning, Receiver of Farmers National Bank of
Brookings vs. Federal Reserve Bank of Minneapolis.

Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

I have just wired you as per copy enclosed, with respect
to the above case.

It seems to me that the opinion of the District Court,
upholding the position taken by the Federal Reserve Bank of Minneapolis,
is unsound, and that the opinion of the United States Circuit/^{Court} of Appeals,
reversing the District Court, is proper unless there are facts which are
not disclosed in either the opinion of the District Court or of the
Circuit Court of Appeals.

In these circumstances, I feel that the Federal Reserve
System should not support the Federal Reserve Bank of Minneapolis in
attempting to have this case reviewed by the Supreme Court of the United
States, and it is, therefore, not a case in which the System should
participate in the expense of the trial in the Supreme Court of the
United States or in any way sponsor the attempt to procure a reversal of
the Circuit Court of Appeals.

Very truly yours,

SN:RG
-enclosure.

(Signed) Sterling Newell

FEDERAL RESERVE BANK
OF RICHMOND

September 9, 1931

Federal Reserve Board,
Washington, D. C.

Attention: Mr. Walter Wyatt, General Counsel.

Dear Mr. Wyatt:

I received your letter of September 3rd enclosing a copy of the opinion of the Circuit Court of Appeals for the Eighth Circuit in the case of Hirning, Receiver, v. Federal Reserve Bank of Minneapolis. I deferred my reply to your letter because Mr. Seay was absent on vacation and Mr. Peple had met with a slight accident which kept him in bed. I have now talked with Mr. Peple and enclose a confirmation of my wire of today.

I heartily approve of applying to the Supreme Court for a petition for certiorari to review this decision, which I think involves several important questions. However, I read with a great deal of care and interest the brief filed by Judge Ueland in the Circuit Court of Appeals, and I am in some doubt as to whether or not the employment of System counsel would materially increase the possibility of success. Of course, my only argument against the employment of System counsel is the advisability of incurring additional expense, and I suppose that this matter is one which the governors of the banks are better able to decide. You may record me as thinking that it is most desirable to petition the Supreme Court for a certiorari and the employment of System counsel is desirable but not necessary.

Very truly yours,

(Signed) M. G. Wallace,
Counsel.

MGW R

COLQUHITT, PARKER, TROUTMAN & ARKWRIGHT

ATTORNEYS AT LAW

ATLANTA, GA.

September 10, 1931.

Mr. Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

Re: John Hirning, Receiver, etc.
v. Federal Reserve Bank of
Minneapolis

I have today telegraphed you, stating, in effect, that, in my opinion, it would not be desirable to petition the Supreme Court for a writ of certiorari in this case and that I, personally, saw no reason for retaining special counsel on behalf of the Federal Reserve Banks. I further stated, however, that if Judge Ueland desired special counsel and if you felt that the retaining of such counsel were desirable, the Federal Reserve Bank of Atlanta would, in my opinion, be glad to do its part.

It appears from the opinion of the court that the Brookings bank, knowing itself to be insolvent and within a few hours of suspension, drew its remittance draft, covering two cash letters, against its reserve balance and then undertook, in contemplation of insolvency, to build up its balance in order that the draft might be paid. The collection items and the cash which were to be sent for credit to the reserve account were not even deposited in the mails until after the directors had passed a resolution suspending operations. While the remittance draft was drawn prior to the passage of the aforementioned resolution, it likewise was not mailed until after the drawer, to all intents and purposes, had closed. The Reserve Bank had actual notice of the closing prior to the receipt of the remittance draft and of the items and cash which were to be placed to the credit of the Brookings bank.

I cannot escape the conviction that the Circuit Court of Appeals was right in holding that the transfers of the cash and of the collection items by the Brookings bank were void because violative of the Federal statute cited. You will understand, of course, that I am not even suggesting any criticism of the Federal Reserve Bank of Minneapolis. It was doing what it could to protect its endorsers and was collecting checks under a Check Collection Circular which reserved the right to make charges for outstanding cash letters against the reserve accounts of its members at any time. Furthermore, as pointed out by Judge Ueland in his letter of September 5th, the Reserve Bank did nothing with the checks and currency, sought to be recovered as a preference, until it had received what it regarded as the consent of the

Receiver and of the Supervising Receiver to charge the draft against the reserve account.

Regarded as a strict matter of law, however, I think that the inevitable result of the transaction was to work a preference within the meaning of the Federal statute and that the Receiver could recover from the Reserve bank under the particular facts of the case notwithstanding the fact that the latter had merely acted as an agent for collection.

Naturally the Reserve Bank does not wish to pay the amount of the recovery, particularly since it may not be able to reimburse itself after having disbursed the funds to its endorsers. I do not believe, however, that any relief would be obtained even though the certiorari were granted, since, in my opinion, the Supreme Court would affirm the judgment below and I am somewhat apprehensive that the higher court might say something in its opinion which might embarrass the Federal Reserve Banks in their future routine collection transactions with banks known to be in a weakened condition. Even though under the present Regulation J a remittance draft could not be charged against the reserve account of the drawer after notice of the suspension of the latter, there might be some question raised in some future case as to whether or not the Reserve Bank, acting for its endorsers, obtained an illegal preference when it charged the reserve account of a bank known to be weak, if not actually failing, shortly prior to its closing.

In Judge Ueland's letter he states that the court's holding, to the effect that when the Brookings bank accepted the checks of the member banks and sent to their agent, the Federal Reserve Bank, the remittance draft it became a debtor to the member banks and they become its creditors, "cannot but seriously affect all Federal Reserve Banks."

I have not had the benefit of an expression in full of Judge Ueland's views on this particular phase of the question. Speaking more or less offhand, however, I do not believe that this holding would have the anticipated bad effect. As a holder for collection of checks, the Reserve Banks of course require that remittances should be made to them and that they should be accorded other rights which appertain to any bank as the holder of checks duly endorsed to it. As a matter of fact, however, Reserve Banks do act as agents in the collection of checks and, in the broad sense in which the court doubtless intended to use the language referred to, the actual owners of the checks are the real creditors of the collecting or drawee bank after such checks are collected and paid and until returns therefor in finally collected funds are in the hands of the agents of such actual owners. I doubt whether the language used was intended to mean anything except that when the Brookings bank paid or collected the checks it became a debtor to the real owners, nor do I believe that such language would be given any broader meaning.

In point of fact, whenever a Reserve Bank files with the Receiver of a closed bank a proof of claim based upon unremitted for checks it is conceded that such proof of claim is made for the account of the actual creditors, although, of course, it is taken for granted that the Federal Reserve Bank has sufficient interest, despite its representative or agency capacity, to make the proof of claim and to assert the same.

Judge Ueland also points out the danger which might inhere in a situation in which a Federal Reserve Bank had disbursed the proceeds of a cash letter to its endorsers in reliance upon what it deemed to be the consent of the Receiver to such disbursement only to learn later that its right to charge the reserve account of the bank making the "remittance," the proceeds of which had been disbursed, was being questioned. The ruling in this particular case of course works a hardship upon the Minneapolis bank in that it thought, and not unnaturally, that it was making disbursement of the fund with the approval and acquiescence of the Comptroller's office. I do not believe, however, that any court would extend the liability beyond facts similar to those which were involved in the Hirning case, nor do I anticipate that the Comptroller's office would ever question the propriety of making a charge to the reserve account in any instance where it had given explicit assent thereto.

If any bad effects to the System as a whole follow the decision of the Circuit Court of Appeals it will be, as suggested above, because of some extension of the doctrine of "illegal preferences" to states of fact other than those which the court had before it and to cases where a Federal Reserve Bank did nothing to secure such "preferences" for its endorsers beyond crediting the reserve account of a bank, known to be in a weakened condition, with amounts deposited to the account in regular routine and then charging the amount of the cash letters thereto shortly prior to suspension. As stated, I do not believe that this possible danger would be mitigated by a review of the case by the Supreme Court. I do not believe that the Supreme Court would reverse the court below for reasons set out above, and even an affirmance of the judgment below upon any ground would emphasize the importance of the case to any one desiring to utilize it in some subsequent litigation.

As stated in my telegram, the Federal Reserve Bank of Atlanta would hesitate even to suggest anything which would deprive the Federal Reserve Bank of Minneapolis of the opportunity, in the Supreme Court or elsewhere, to avoid paying to the Receiver the amount of the funds which it has in good faith disbursed. I, personally, hesitate to express any opinion which may be contrary to an opinion which the Messrs. Ueland have reached through a careful study of the case. Since, however, you have asked the opinion of all Federal Reserve Bank counsel, I am transmitting my personal views for whatever they may be worth.

With personal regards, I am

Sincerely yours,

(Signed) Robt. S. Parker.

RSP/w.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6967

September 15, 1931.

SUBJECT: Holidays during October, 1931.

Dear Sir:

On Monday, October 12th, in observance of Columbus Day, there will be neither Gold Settlement Fund nor Federal reserve note clearing, and the books of the Board's Gold Settlement Fund will be closed. The offices of the Board, and the following Federal Reserve Banks and Branches will be open for business as usual:

Richmond	St. Louis
Charlotte	Little Rock
	Memphis
Atlanta	
Birmingham	Minneapolis
Nashville	
Jacksonville	Kansas City
	Denver
Detroit	Oklahoma City

In addition to the holiday mentioned above, the following Branches of the Federal Reserve Bank of Atlanta will be closed on the dates indicated:

Friday	October 9	Jacksonville	Farmers' Day
Saturday	October 10	Havana Agency	Revolution of Yara
Tuesday	October 13	Birmingham	Fraternal Day

Please notify branches.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6968

September 16, 1931.

SUBJECT: Redemption of Old Size Federal reserve
notes.

Dear Sir:

The Federal Reserve Board is advised by the Treasury Department that it will no longer be necessary for the Federal reserve banks to accumulate full packages of old size Federal reserve notes, either of their own banks or others, before sending such notes in to the Treasury Department for redemption. It will be agreeable to the Treasury for the Federal reserve banks to send in, preferably once a month, but more frequently, if necessary, whatever old size notes they may accumulate, although it is suggested that redemptions in the smaller denominations be made in multiples of \$50.00.

In this connection, attention is called to the request made by Assistant Secretary of the Treasury Hope, in a letter addressed to all Federal reserve banks under date of December 10, 1930, that, if possible, monthly shipments of old size notes be made between the 5th and 15th of the month.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6969

September 16, 1931.

SUBJECT: Expense, Main Lines, Leased Wire System,
August, 1931.

Dear Sir:

Enclosed herewith you will find two mimeographed statements, X-6969-a and X-6969-b, covering in detail operations of the main lines, Leased Wire System, during the month of August, 1931.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to the Federal Reserve Board.

Very truly yours,

Fiscal Agent.

Enclosures.

TO GOVERNORS OF ALL F. R. BANKS.

REPORT SHOWING CLASSIFICATION AND NUMBER OF WORDS TRANSMITTED OVER MAIN LINES
OF THE FEDERAL RESERVE LEASED WIRE SYSTEM FOR THE MONTH OF AUGUST, 1931.

From	Business reported by banks	Words sent by New York chargeable to other F. R. Banks (1)	Net Federal reserve bank business	Percent of total bank business (*)
Boston	24,496	2,777	27,273	2.60
New York	348,545	-	348,545	33.25
Philadelphia	30,054	1,930	31,984	3.05
Cleveland	78,283	2,484	80,767	7.71
Richmond	53,627	2,842	56,469	5.39
Atlanta	49,764	7,830	57,594	5.50
Chicago	89,925	3,350	93,275	8.90
St. Louis	64,749	2,691	67,440	6.43
Minneapolis	33,207	3,548	36,755	3.51
Kansas City	76,944	2,606	79,550	7.59
Dallas	59,255	11,751	71,006	6.77
San Francisco	93,024	4,453	97,477	9.30
Total	1,001,873	46,262	1,048,135	100.00
F. R. Board business			297,304	1,345,439
Treasury Department business Incoming and Outgoing				110,708
Total words transmitted over main lines				1,456,147

(*) These percentages used in calculating the pro rata share of leased wire expense as shown on the accompanying statement (X-6969-b).

(1) Number of words sent by New York to other F. R. Banks for their sole benefit charged to banks indicated in accordance with action taken at Governors' Conference November 2 - 4, 1925.

REPORT OF EXPENSE MAIN LINES
FEDERAL RESERVE LEASED WIRE SYSTEM, AUGUST, 1931.

Name of bank	Operators' salaries	Operators' overtime	Wire rental	Total expenses	Pro rata share of total expenses	Credits	Payable to Federal Reserve Board
Boston	\$260.00	\$ 2.00	\$ -	\$262.00	\$563.72	\$262.00	\$301.72
New York	1,134.15	8.00	-	1,142.15	7,209.16	1,142.15	6,067.01
Philadelphia	225.00	-	-	225.00	661.29	225.00	436.29
Cleveland	306.66	-	-	306.66	1,671.66	306.66	1,365.00
Richmond	190.00	-	230.00 (&)	420.00	1,168.64	420.00	748.64
Atlanta	270.00	-	-	270.00	1,192.49	270.00	922.49
Chicago	3,962.03 (#)	1.00	-	3,963.03	1,929.67	3,963.03	2,033.36 (*)
St. Louis	195.00	-	-	195.00	1,394.13	195.00	1,199.13
Minneapolis	200.00	-	-	200.00	761.03	200.00	561.03
Kansas City	287.50	-	-	287.50	1,645.64	287.50	1,358.14
Dallas	251.00	-	-	251.00	1,467.85	251.00	1,216.85
San Francisco	380.00	-	-	380.00	2,016.40	380.00	1,636.40
Federal Reserve Board	-	-	15,563.39	15,563.39	-	-	-
Total	\$7,661.34	\$11.00	\$15,793.39	\$23,465.73	\$21,681.68	\$7,902.34	\$15,812.70
				1,784.05 (a)			2,033.36 (b)
				\$21,681.68			\$13,779.34

(&) Main line rental, Richmond-Washington.

(#) Includes salaries of Washington operators.

(*) Credit.

(a) Received \$1,784.05 from Treasury Department covering business for the month of August, 1931.

(b) Amount reimbursable to Chicago.

No. 418

Hennepin County

Dibell, J.

Endorsed
Filed September 18, 1931,
Grace Kaercher Davis, Clerk,
Minn. Supreme Court.

Osage National Bank,
Appellant,

28039 -vs-

Federal Reserve Bank of
Minneapolis,
Respondent.

S Y L L A B U S

1. The Federal Reserve Bank of Minneapolis, under Regulation J, series 1920, of the Federal Reserve Board, and its own Circular 228, and the custom of the region in which it operated, was authorized to forward in its district, for payment and return of proceeds, checks sent it by another federal reserve bank or directly by a member bank. It was not required to exact currency in payment. It might accept exchange.

2. If the defendant was negligent in forwarding the checks or in securing payment it was liable. The court found that there was no negligence. The evidence does not require a different finding.

Affirmed.

O P I N I O N

DIBELL, J.

Action to recover the amount of two checks drawn by the

treasurer of Williams county, North Dakota, upon the Williston State Bank in favor of the plaintiff, Osage National Bank (of Iowa). One was for \$2,022.30 and the other for \$6,420. They came to the defendant Reserve Bank in due course of clearance and for collection and remittance of proceeds. Their course is hereafter shown. There were findings and judgment for the defendant. The plaintiff appeals from the judgment.

1. The evidentiary facts are not much in dispute. The plaintiff is a member bank of the Federal Reserve Bank of Chicago in the 7th Reserve District. The Corn Exchange National Bank of Chicago is also a member bank. The defendant is a reserve bank of the 9th Reserve District. The Williston State Bank is a state bank of North Dakota within the 9th District but not a member bank of the defendant. It is on the par list of the defendant. On March 15, 1921, the plaintiff was the owner of two checks drawn payable to its order by the treasurer of Williams county, North Dakota, for \$2,022.30 and \$6,420, respectively, both dated March 11, 1921, upon the Williston State Bank of Williston, North Dakota. The plaintiff endorsed them "pay to the order of any bank or banker" and forwarded them to the Corn Exchange National Bank of Chicago. They were enclosed in a form letter reading "we enclose for collection and credit." The Corn Exchange National Bank received the checks on March 16, 1921, gave plaintiff credit therefor and notified it that it credited the checks "subject to final payment." On the same day it sent the checks, endorsed "pay to the order of any bank, banker or trust company", to the defendant reserve bank

at Minneapolis in a form letter stating that they were enclosed "for credit" and containing instructions as follows:

"We enclose for credit items stated below. Wire nonpayment items \$500.00 or over, or those listed 'T.N.P.' Do not protest items \$10.00 or under, items listed 'No. Pro.' or any items bearing stamp (N 2/5 P) or similar authority of a preceding endorser. Protest all items not covered by above instructions."

On March 17, 1921, the defendant endorsed the checks "pay to any bank, banker or trust company", and forwarded them by mail to the drawee bank, Williston State Bank. They were forwarded for collection and returns with instructions similar to those given by the Corn Exchange National Bank as follows:

"We enclose the following items for collection and returns. Do not hold items for any reason whatever. Wire non-payment of items of \$500.00 or over. Do not protest items of \$10.00 or under or those bearing this stamp - No Pro. 17.8 - or similar authority of a preceding bank endorser. Protest All Other Items.

"Return this letter with your draft.

"Date 3 17."

On March 22, 1921, the Williston State Bank marked the checks paid and charged them to the account of the county treasurer of Williams county. The treasurer had on deposit sufficient funds to pay them. The bank returned the checks to him by mail on March 30, 1921, cancelled. On March 24, 1921, and again on March 30, 1921, the defendant advised the Corn Exchange bank by letter that it was without returns on the checks. In both of these letters it said:

"We communicate this information to you for such action as may seem best to you under the circumstances."

The Corn Exchange bank did not answer. It claims that it did not receive them. On March 26, 1921, the defendant wired the Williston

bank asking it to wire disposition of the checks. On March 28, 1921, the Williston bank wired:

"Matter referred to your telegram twenty sixth has been taken care of."

On March 29, 1921, the defendant wrote the Williston bank suggesting in effect that unless payment was made it would be necessary to make demand at the counter for cash. In part it said:

"It has been necessary that we telegraph to you & telephone to you in an effort to secure some satisfaction for the amounts of these cash letters, but to the present writing have only your telegram sent the 28th, which says that the matter has been taken care of. Had these remittances been paid immediately upon receipt, such payment should have been in our hands long ago and even had they been remitted for when your telegram of the 28th was sent, we believe remittance should have been in our hands this morning.

"Under these circumstances we are under the impression that our remittances are not receiving your prompt and careful attention, and we take this opportunity, therefore, to demand that immediately collectible funds be furnished us at once or the original items enclosed in these remittance letters be returned to us with proper protest. Owing to instructions under which these items are received by us we cannot permit you to delay payment for any reason whatsoever, and unless immediate satisfaction is received as above, it will be necessary for us to make arrangements for presenting your items at your counter and demand payment therefor in cash. It is apparent that we should sincerely regret the necessity of an action of this nature, nevertheless under the circumstances as above mentioned, we feel that this would be our only recourse.

"Please give this matter your immediate attention."

On April 1, 1921, the defendant wired the Williston bank:

"We demand immediate payment or return items referred to in our telegram yesterday."

On March 31, 1921, the Williston bank wrote enclosing draft on Merchants National Bank of St. Paul, for \$8,619.02, dated

March 22, 1921. It stated that it had been held on account of a depleted reserve; that its president was in the cities making arrangements to replete the reserve; and that it had every reason to believe he would succeed. It was received by the defendant on Saturday, April 2, 1921, after clearance hours. Regularly it would not be given attention until the next business day. The Williston bank was overdrawn at the Merchants National Bank and had been since March 26, 1921. Its overdrafts increased. On March 22 it had in its bank money equal in amount to substantially one-half of the checks. It had in currency and accounts in other banks enough to pay both checks. The defendant ascertained that the draft was not likely to be paid. The letter of transmittal was not encouraging. The next business day was Monday, April 4, 1921. On that day the Williston bank closed. The draft was formally presented and protested on April 7, 1921.

On April 4, 1921, defendant wired the Williston bank as follows:

"Drafts on Merchants totalling over ten thousand.
Insufficient funds. Telegraph at once."

On April 4 or 5, 1921, the defendant telegraphed the Corn Exchange bank that checks had not been paid, that it held draft covering them, and that the bank was reported closed.

The defendant charged back the checks to the Federal Reserve Bank of Chicago. That bank charged to the account of the Corn Exchange Bank. That bank charged the account of the plaintiff. The plaintiff did not assent until December 28, 1921, when, under the ruling of the Comptroller of the Currency, it credited

the Corn Exchange and charged to undivided profits.

Section 11 of the Federal Reserve Act of December 23, 1923, provides that the federal reserve "board shall perform the duties, functions, or services specified in this chapter, and make all rules and regulations to enable said board effectively to perform the same". 38 Stat. 262, c. 6, §11; 12 USCA, Tit. 12, c. 3, §248 (i), p. 318.

Section 13 of the Act, 38 Stat. 263, c. 6, §113; 40 Stat. 234, c. 32, §4, 12 USCA, Tit. 12, c. 3, §342, p. 334, provides in part:

"Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks, and drafts, payable upon presentaton, and also, for collection, maturing notes and bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks upon other Federal reserve banks, and checks and drafts, payable upon presentation within its district, and maturing notes and bills payable within its district; or, solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks, and drafts payable upon presentation, or maturing notes and bills;"

Referring to §13, and certain provisions of Regulation J, series 1917, in a case having some features similar to this, the court said in *Transcontinental Oil Co. v. Federal Reserve Bank of Minneapolis*, 172 Minn. 58, 214 N. W. 918:

"Member banks of the federal reserve banks send their items for clearance and collections to the reserve bank of which they are members; but to save time and work there existed an arrangement, in August, 1920, between the First National Bank of Chicago, the Federal Reserve Bank of Chicago, and the defendant whereby the former might send direct to defendant for collection items upon

banks within its district, the proceeds of such items so routed being credited by defendant to the Federal Reserve Bank of Chicago, it being agreed by and between all these banks that their rights and liabilities should in all respects be the same as if items so routed had been first deposited by the First National Bank of Chicago with the Federal Reserve Bank there and by the latter deposited for collection with defendant."

In *Pascadoula Nat. Bank v. Federal Reserve Bank*, 3 F. (2d) 405, the court, referring to §13, said:

"A check sent by a member bank by the authority and for the account of its reserve bank is in effect received from the latter."

The court found that the checks were received directly from the Corn Exchange bank pursuant to an arrangement between the Federal Reserve Bank of Chicago, the Corn Exchange Bank, and the defendant, whereby it was understood that the Corn Exchange might route its checks direct to the Federal Reserve Bank of Minneapolis instead of putting them through the Federal Reserve Bank at Chicago. The direct evidence of this is meager. There was some correspondence suggesting such arrangement. It was in harmony with Regulation J, series 1920, which provided:

"Each Federal Reserve Bank will receive at par from other Federal Reserve Banks, and from all member and non-member clearing banks, regardless of their location, for the credit of their accounts with their respective Federal Reserve Banks, checks drawn upon all member and nonmember clearing banks of its district and upon all other nonmember banks of its district whose checks are collected at par by the Federal Reserve Bank."

The substance of the finding is sustained. In this connection the amended finding requested by the plaintiff is noted:

"That at the time said checks of plaintiff were received by said Corn Exchange National Bank, and at the time of all

transactions involved in this action it was the law of the State of Illinois, in which state said Corn Exchange National Bank was situated and where it received of plaintiff for deposit, that a bank in which checks drawn on a bank in a distant city, are deposited for collection and credit and endorsed by the depositor; 'Pay to the order of any bank or banker,' becomes the agent of the depositor to collect such checks, and that any bank to which said checks are forwarded for collection by the bank in which they were first deposited, becomes likewise in turn the agent of the depositor for purposes of collection; and is accountable to such depositor for all breaches of duty and obligation on its part that may occur. That this is true, even though the bank in which said checks are first deposited, permits the depositor to draw against such checks before they are actually collected."

Section 16 of the act, 38 Stat. 265, c. 6, §16, 12 USCA.

Tit. 12, c. 3, §248 (m), p. 320, provides:

"The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks."

Regulation J, series 1920, provides:

"In handling items for member * * * banks, a Federal Reserve Bank will act as agent only. The Board will require that each member * * * bank authorize its Federal Reserve Bank to send checks for collection to banks on which checks are drawn, and, except for negligence, such Federal Reserve Bank will assume no liability. * * * Each Federal Reserve Bank will also promulgate rules and regulations governing the details of its operations as a clearing house, such rules and regulations to be binding upon all member * * * banks which are clearing through the Federal Reserve Bank."

The defendant bank, responding to this regulation, provided by circular 228 (6), effective in October, 1920, as follows:

"Checks received by the Federal Reserve Bank drawn on its member banks will be forwarded direct to such member banks and are to be remitted for by the member banks on day of receipt

"if possible, by their draft on the Federal Reserve Bank, provided they have a balance in excess of their required reserve, or by their draft on a bank in Minneapolis or St. Paul. Member banks are required by the Federal Reserve Board to provide funds to cover at par all checks received from their Federal Reserve Bank. * * *

"In handling items for member banks, the Federal Reserve Bank of Minneapolis acts as agent only. It is understood that each member bank authorizes it to send checks for collection direct to banks on which checks are drawn, and except for negligence the Federal Reserve Bank of Minneapolis assumes no liability until funds are actually in its hands, and is authorized to charge back any item for which it has not received final payment, including items lost in transit."

This circular was sent to the Corn Exchange Bank. There is evidence that it was not received. It was not sent to the plaintiff. It was sent to the Federal Reserve Bank at Chicago. As noted before there was an arrangement between the Corn Exchange bank and the defendant that the Corn Exchange might route its checks directly to the defendant. It was bound by the terms of Regulation J and Circular 228. In Fergus County v. Federal Reserve Bank, 75 Mont. 582, 244 P. 883, a case much the same on its facts, there was involved circular 286, later and more definite than Circular 228. The court said of it:

"Circular 286 constituted a continuing offer by this defendant to perform the services of a collecting agent for the Lewistown bank upon the conditions therein expressed, (1) that defendant might send the items for collection directly to the bank upon which they were drawn, and (2) that it might receive 'payment in cash or bank draft.'"

And under section 228 quoted above, providing that checks may be sent directly to the payor bank and that except for negligence the defendant assumes no liability until funds are actually in its hands,

and that it may charge back any items for which it has not received payment, there is no liability, except for negligence, in taking payment by draft.

We see nothing in the regulations or the circular which limits the right of sending direct to the payor bank whether it is a federal reserve bank, or member bank, or non-member bank. It is true that a member bank is required to keep a definitely determined deposit with the reserve bank. This is not made the basis of a distinction. When an item comes to the reserve bank to be presented to a state bank or non-member bank, it can be sent direct and payment received in exchange. It is not a requirement that in one case exchange may be taken and in the other the payment must be in currency.

The plaintiff claims that it can recover because the defendant sent the two checks directly to the Williston bank; and because it did not make collection in currency; and in any event that it was negligent in doing as it did on and after March 17, 1921.

The cases are numerous and diverse in their facts and in the applicable local law or the contract of the parties and are confusing.

In Federal Reserve Bank v. Malloy, 264 U. S. 160, it was held that the authority under Regulation J, series 1920, to send direct to the payor bank did not include authority to accept a draft in payment; that if a bank responsible to the payee of the check for collection surrendered the check to the drawee bank and accepted in payment an exchange draft which proved worthless the collecting bank was liable to the payee of the check; and the court said that Regulation J, series 1920, while it contemplated the sending of checks for collection directly to the payor bank did not expressly permit the ac-

ceptance of payment other than in money; and that such authority could not be inferred from the authority to send directly to the payor bank. The court, however, said:

"The state decisions in respect of the liability of a correspondent bank to the owner of a check forwarded for collection by the initial bank of deposit are in conflict beyond the possibility of reconciliation. A number of States, following the 'New York rule,' so-called, have held that there is no such direct liability, but that the initial bank alone is responsible to the owner. On the other hand, an equal, if not a greater, number of States following the 'Massachusetts rule', have held exactly the contrary, viz: that the initial bank by the mere fact of deposit for collection, is authorized to employ sub-agents, who thereupon become the agents of the owner and directly responsible to him for their defaults. This Court, in *Exchange National Bank v. Third National Bank*, 112 U. S. 276, after reviewing the two lines of decisions, approved the 'New York rule.' But the rule may, of course, be varied by contract, express or implied. Here the relations of the drawee to the initial bank of deposit are controlled by the Florida statute with respect to which it must be presumed they dealt with each other. This statute had the effect of importing the 'Massachusetts rule' into the contract, with the result that the initial bank had implied authority to intrust the collection of the check to a sub-agent and that subagent, in turn, to another; and the risk of any default or neglect on their part, rested upon the owners."

In *Exchange National Bank v. Third National Bank*, 112 U. S. 276, which adopted the so-called New York rule in preference to the Massachusetts rule, the court said, at page 289:

"And, while the rule of law is thus general, the liability of the bank may be varied by consent, or the bank may refuse to undertake the collection. It may agree to receive the paper only for transmission to its correspondent, and thus make a different contract, and become responsible only for good faith and due discretion in the choice of an agent."

In *Douglas v. Federal Reserve Bank*, 271 U. S. 489, the difference between the Massachusetts rule and the New York rule is stated as follows:

"Both plaintiff and defendant concede that it is the rule of the federal courts that a bank which receives commercial

paper for collection is not only bound to use due care itself, but is responsible to its customer for a failure to collect, resulting from the negligence or insolvency of any bank to which it transmits the check for collection. This is the so-called 'New York rule,' which in effect makes the first bank a guarantor of the solvency and diligence of the correspondents which it employs to effect the collection. Exchange Nat. Bank v. Third Nat. Bank, 112 U. S. 276. And see Federal Reserve Bank v. Malloy, 264 U. S. 160, 164, for a comparison of this rule of liability with the 'Massachusetts rule' by which the initial bank is liable only for its failure to exercise due care in the selection of an agent to make the collection. Under the Massachusetts rule the agent selected becomes the agent of the owner of the paper, who may maintain an action directly against it for the negligent performance of its undertaking. See Federal Reserve Bank v. Malloy, supra, 164. Compare Bank of Washington v. Triplett, 1 Pet. 25, where the undertaking of the initial bank was to transmit paper for collection."

We adopted the rule of the Malloy case in Hummerberg v. State Bank of Slayton, 170 Minn. 15, 212 N. W. 16, and have followed it in others. Tobiason v. First State Bank of Ashby, 173 Minn. 533, 217 N. W. 934; Holdingford Milling Co. v. Hillman Farmers Co-Op. Creamery, 181 Minn. 212, 231 N. W. 928. And see Streissguth v. Bank, 43 Minn. 50, 44 N. W. 797; Semingson v. Stockyards Nat. Bank, 162 Minn. 424, 203 N. W. 412. We note that the rule pronouncing liability when the transmitting bank sends directly to the payor bank or receives payment in the draft of the payor bank instead of in currency is abrogated in Minnesota by Laws 1927, c. 128, Mason, 1927, §7233-1; Schram v. Askegaard, 34 F. (2d) 348. And so in North Dakota, S. L. 1925, c. 170; S. L. 1927, c. 92; State v. Bismarck Bank, ___ N. D. ___, 220 N. W. 636.

In the concurring opinions in the Hommerberg case, supra, it was suggested that the result there reached, following the Malloy case, was logical but harsh; that its enforcement was impracticable

and perilous; that it necessitated every bank entering into contractus relations with its customers and correspondents to avoid its effect and attendant loss; and that the rule was out of harmony with modern banking practice. This may have suggested our statute.

We hold that the plaintiff was bound by Regulation J, series 1920, and Circular 228, both of which were effective when the transaction was had in March, 1921. The parties assented to the defendant bank transmitting the plaintiff's check just as it did, that is, directly to the payor bank; and it assented to payment by the payor's draft. It is at once seen that if the rule obtained that currency must be sent, and it always was observed, the business of convenient exchange the country over would be paralyzed. The outside districts would be drained of their currency. The banks do not and can not keep currency on hand to meet all paper demands. This fact made easy the establishment of a par of exchange. *Cleve v. Craven Chemical Co.* 18 F. (2d) 711. The purpose of a clearance system is to prevent the use of actual currency. And in this connection the following finding of the court made upon sufficient evidence is noted:

"That during all of March and April, 1921, and prior thereto, it was the established, general, uniform and certain usage and custom among banking institutions in Minnesota and North Dakota, where checks deposited for collection drawn on banks located at a distance had been forwarded direct to the drawee or payor bank for collection, for the drawee or payor bank to remit the proceeds of the collection in exchange drafts drawn on banks in the vicinity of the forwarding bank, and it was the established, general, uniform and certain usage and custom among banking institutions in said states for the forwarding bank to permit such remittance by draft, and upon receipt of the exchange or remittance drafts to endeavor to collect the same."

The presence of such a custom distinguishes one feature of the Malloy case. Hicks Co. v. Federal Reserve Bank, 174 Ark. 587, 296 S. W. 46; Spokane Valley State Bank v. Lutes, 133 Wash. 66, 233 P. 308. It is held that the defendant dealt with the checks as it was intended that it should and that it was not liable unless it was negligent.

2. The plaintiff claims that the defendant was negligent in sending the checks to the payor bank at Williston for collection and in taking payment by its draft instead of demanding currency. The bank was in good repute. It was on the par list of the defendant. It had been doing business with the defendant for two months and their relations were satisfactory. The other state bank at Williston was in doubtful condition. The national bank located there had not been satisfactory in its dealings with the plaintiff and did not want the exchange business. The bank situation in North Dakota at the time was not good. Five per cent of the banks had failed, forty out of eight hundred; but in what sections of the state and at what times does not appear. Business had to be done, debts paid, money transmitted, and the business of exchange had to go on. A bad banking condition ought to make forwarding banks wary. The transaction of March, 1921, was not an unusual transaction or an infrequent one though the two checks were of considerable amounts. The evidence shows that the daily transactions through the bank by way of checks and drafts amounted to as much as \$10,000,000 to \$15,000,000; that there were so many as 75,000 to 80,000 checks or drafts handled each day; and that they were drawn on 3,000 banks. These figures

may exaggerate the situation but they are of some value.

It is urged that the defendant should have been more active after March 22, 1921, when the remittance was due and none came. The effort it exercised has been narrated. The Williston bank, if it could not pay, should have had the checks presented and protested. It assumed to pay, charged the county treasurer, but did not transmit. It misrepresented the facts to the defendant bank, to which it should have remitted or whose command for protest it should have observed. Evidently the bank was in trouble and was trying to save itself and its depositors and creditors. It failed and is to be blamed. It was in the position of a collecting bank and also payor bank. It failed in its duties as a collecting bank. It put the checks out of its possession. If they had been dishonored and put in the way of return to the county treasurer with a demand for the debt which they had not paid, the original liability of the county would have been preserved. This was a fault of the Williston bank. It was not the intention of the parties that the defendant itself should present the checks at the counter. It was to forward them.

The defendant did not obey the instruction to wire non-payment. The transit schedule, going and returning, was four business days. A Sunday intervened. This extended the period to March 22, 1921. It notified the Corn Exchange bank on March 24 and again on March 28. It was trying to get payment and the Williston bank was trying to make payment. It did not refuse payment or assume to dishonor the checks. The defendant did not have actual

knowledge until April 2, 1921, after clearance hours, that payment would not be made. A finding of negligence for failure to wire was not required.

It is urged further that the defendant was at fault in respect of the Williston bank draft on the Merchants National, which was sent on March 31, 1921, and which reached the defendant on April 2, 1921. Its sending was pretty much a sham. When sent the Williston bank had an overdraft of \$10,000. It continued until it closed its doors. It had had an overdraft since March 26. Protest was useless. It was not necessary to the fixing of the liability of the Williston bank. It was a neglect or misuse of the two checks which brought the trouble and that was days prior to the Merchants draft, and, as found by the trial court, was not the fault of the defendant. Whether there might have been something done immediately after the wrong of the Williston bank to restore the checks to the plaintiff so that it might fix liability upon the treasurer, or whether the misdealing with the checks gave it a preference upon the theory of a trust, is not of concern here.

The defendant urges that it should have consideration because it was rendering an uncompensated service. We do not agree. It was charged with definite duties. It is given definite rights and privileges of great consequence by the statute of its organization. It was to do a banking business of a particular character and was given extensive powers. It was required to give free exchange. It was not doing a free service though there was no specific charge for this incidental one.

The court finds:

"That until April 2, 1921, defendant had no knowledge or notice of the unsafe condition of said Williston State Bank and that defendant in handling said checks for \$6,420 and \$2,022.30 for collection was not negligent in any particular."

This finding is sustained by the evidence.

Judgment affirmed.

COPY

X-6971

September 16, 1931.

Mr. Robert S. Parker,
1607 William-Oliver Building,
Atlanta, Georgia.

My dear Bob:

I have received your letter of September 14, 1931, with further reference to your proposed bill of interpleader in the Central National Bank and Trust Company of St. Petersburg matter, and I am very glad to know that, in my telegram of the same date, I hit upon the exact problem which was troubling you.

As I told you in my telegram, it seems obvious to me that, under the existing circumstances, the proper thing to do is to offer to pay the money to the court and file a bill of interpleader requiring the other parties to come in and let the court decide to whom the money is due. I do not see how there can be any question as to the propriety of this method of procedure.

The only possible objection to this procedure is due to the fact that we have not yet had a decision distinguishing the rights, duties and liabilities of the Federal reserve banks in collecting checks under Regulation J as amended a year ago from the rights, duties and liabilities of Federal reserve banks as stated by the Supreme Court in the Early case; and there is a danger that, if these issues are tried out in a case in which counsel for one of the Federal reserve banks does not represent one of the parties or otherwise participate actively in the trial of the case, the issues may not be presented properly to the court and the decision may not be satisfactory to the Federal reserve banks. I believe, however, that the precautions which you are taking will safeguard us against any such unhappy results.

It seems to me that, having initiated the litigation by filing a bill of interpleader, it would be entirely proper for you to ask leave of the court to file a brief as *amicus curiae*, stating your views as to the rights, duties and liabilities of the Federal reserve banks under Regulation J, and especially calling attention to the amendment made to Regulation J after the Supreme Court decision in the Early case. The decision in this case will so vitally affect all of the Federal reserve banks that I believe the counsel for any Federal reserve bank could properly ask for leave to file such a brief, though, of course, if you do so, it will not be necessary for any of the other counsel to do so. Furthermore, I know that the office of the Comptroller of the Currency will be greatly interested in this litigation and through cooperation with them, I

shall be in a position to render some assistance.

It occurs to me that, having disclaimed any interest in the controversy or in the fund over which the controversy arises, it might be embarrassing to you to file a brief as *amicus curiae*. I do not think that you should be embarrassed, since the proper interpretation of the Board's Regulation and of the Federal reserve bank's check collection circular is of great importance to the Federal reserve bank, and your specialized knowledge of the subject would enable you to be of much assistance to the court in dealing with the highly technical questions presented. If, however, you do feel reluctant to ask leave to file a brief as *amicus curiae*, it occurs to me that, if I can obtain the consent of the Federal Reserve Board, I might file such a brief on behalf of the Federal Reserve Board, on the theory that the interpretation and application of one of the Board's important regulations is involved in this suit and the Board is interested in having its regulation properly interpreted and applied.

I believe, therefore, that, even if counsel representing the owners of the checks should refuse to accept your views on this point, it would be reasonably safe to go ahead and file a bill of interpleader.

While I have read your tentative bill of interpleader, and find nothing wrong with it, I have not studied it carefully; because I realize that you are in a much better position to prepare such a bill than I am, and I do not feel that I can add anything whatever to your efforts along that line.

I believe that the United States District Court properly has jurisdiction of this case, because the receiver of an insolvent national bank is a party and the suit is in the nature of a proceeding to wind up the affairs of an insolvent national bank. There may be some doubt, however, as to the proper venue. It occurs to me that the suit may be deemed to be one within the provisions of Section 57 of the Judicial Code (28 U.S. Code, Sec. 118) and that, in such event, the proper venue might be the district in which the res is situated. The question is whether this is in Atlanta, Jacksonville or St. Petersburg. I am inclined to think that it must be either Atlanta or Jacksonville; but, under the peculiar procedure which you have in handling matters of this kind, I am unable to determine whether the property in dispute is situated in Atlanta or Jacksonville. If it is in Jacksonville, that would probably eliminate any question as to whether the proper district is the district in which the insolvent national bank is located or the district in which the branch Federal reserve bank is located; because I believe that St. Petersburg and Jacksonville are both in the Northern District of Florida.

You probably have given very careful consideration to the question of jurisdiction and venue; and I have been so busy with other matters that I have given this only hasty consideration. However, I

submit the above observations for whatever they may be worth.

In this connection, I invite your attention to the case of Omaha National Bank v. Federal Reserve Bank of Kansas City, et al., 26 Fed.(2d) 884, 45 Fed.(2d) 511, certiorari denied, 49 Supreme Court 19, 278 U.S. 615.

Because of the fact that this suit may result in a decision interpreting and applying Regulation J as amended, it is of interest to all Federal reserve banks and, therefore, I telegraphed you this morning for permission to send copies of your bill and of our correspondence to counsel for all Federal reserve banks for their information. I shall also appreciate it if you will kindly keep me advised of all developments in this case.

With kindest personal regards and all best wishes, I am

Cordially yours,

Walter Wyatt,
General Counsel.

WW gc

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT

ATTORNEYS AT LAW

ATLANTA, GA.

September 14, 1931.

Mr. Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Walter:

Re: Central Nat'l Bank & Trust Co.

I thank you very much for your telegram, stating that you have read the tentative bill in the above matter and see no objection to the same.

In your telegram you have touched on the only question which has been giving me concern, namely, whether or not, after having paid the money into court and retired from the litigation, I could so far control or suggest the points to be pressed as to avoid any possibility of some decision which might prove embarrassing to the Federal Reserve Bank.

I have already discussed the Early case with counsel representing most of our endorsers and unless I convince him that that decision will not be relied on and he promises not to use it, the bill of interpleader will not be filed. When he first began to investigate the question he, of course, discovered the Early case and wrote me that he deemed that case to be conclusive on the questions involved. I wrote him, stating (I am afraid a little abruptly) that I did not regard the Early case as being even persuasive when applied to the facts in this case, much less conclusive. One reason why I am going to St. Petersburg is to assure myself so far as I can that the question will be argued on the proposition of whether or not presentation for payment at the Branch, while the drawer bank was still open, was, in law, the same as if the check had been presented at the counter of the parent bank in Atlanta for payment in regular course. At any rate, special counsel representing the Comptroller's office is one of my close personal friends. He has represented the Federal Reserve Bank in one or two matters and I feel sure that I can count on him to present his side of the case in such a way as to avoid complications which would be inimical to Federal Reserve Banks in their check collection functions. Mr. John D. Harris, of the firm of Cook & Harris, who will

Mr. Walter Wyatt - #2.

X-6971-a

represent most, if not substantially all, of the claims on the other side, is a very high class lawyer, who is grateful for the cooperation which has been given him by the Federal Reserve Bank. I feel that he will tell me frankly just how he proposes to present his side of the case.

I am afraid that after the fund is paid into court, a mere stakeholder would have no right to suggest by brief or otherwise what, in our opinion, is the law. I shall watch the situation closely and will not file the bill if I believe there is any reasonable ground to apprehend the development in the case of anything detrimental to the interest of the Federal Reserve Bank.

Again thanking you for your very prompt review of my letter and the bill, I am

Sincerely yours,

(Signed) Robt. S. Parker.

RSP/w.

COPY

X-6971-b

Parker
Atlanta.

September 14,
1931.

Have read tentative bill in Central National Bank and Trust Company, St. Petersburg, case and see no objection to same. Have not considered technical questions re form and contents of bill because you are better informed on that subject than I am. It occurs to me that this suit may result in decision distinguishing rights, duties and liabilities of Federal reserve banks under Regulation J as amended from those stated by Supreme Court in Early Case. Therefore believe you should follow case closely and see that this point is properly presented even if it is necessary for you to file brief as *amicus curiae*.

Wyatt

WV OMC

COPY

X-6971-c

September 14, 1931.

Parker
Atlanta

Your letter September 11th re Central National Bank and Trust Company St. Petersburg, Florida received this morning. Upon hasty consideration believe suggested procedure is obviously correct and proper. Have not had time to study the bill thoroughly but will wire you by five o'clock eastern standard time today if I can find time to do so.

Wyatt

WW gc

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT

ATTORNEYS AT LAW

ATLANTA, GA.

September 11, 1931.

Mr. Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

Re: Central Nat'l Bank & Trust Co.
St. Petersburg, Florida.

I have intended for the last week or two to write you with reference to a situation which has arisen out of the closing of the Central National Bank and Trust Company of St. Petersburg, Florida.

Shortly before that bank suspended, the Jacksonville Branch of the Federal Reserve Bank had sent it two cash letters, enclosing items aggregating seventy-five thousand and odd dollars. On April 16th these cash letters were received, the items were paid, charged to the accounts of the makers and the St. Petersburg bank drew its draft on its reserve account and sent the same out by mail. The remittance draft was received in Jacksonville about eight o'clock on the morning of the 17th. The St. Petersburg Bank was then open for business but closed about ten o'clock A. M. on that day. Before the draft had been charged to the reserve account advice of the suspension of the St. Petersburg bank was received. The Federal Reserve Bank charged the item enclosed with the cash letter back to its endorsers, but, at the same time, charged the amount of the remittance draft against the reserve balance and placed the fund in a suspense account awaiting some proper determination as to rights therein.

The banks forwarding the items to the Reserve Bank claim that the Jacksonville Branch was an office of the Federal Reserve Bank and that, since the draft was presented to that office through the mails while the drawer was still open, the same should be regarded as paid as of the time of its actual receipt. The Receiver, on the other hand, acting upon instructions from the Comptroller, claims that the Jacksonville

Mr. Walter Wyatt - #2

X-6971-d

Branch could not pay the draft but could only advise the parent bank of its amount to the end that entries could be made on the books in Atlanta. It was the practice of the Federal Reserve Bank to furnish its Jacksonville Branch specimen signatures and also daily advices showing amounts to the credit of members in their reserve accounts. Upon receipt of any check drawn by a bank on its reserve account, the Jacksonville Branch would inspect the same for genuineness of signature and also in respect of the sufficiency of the reserve balance, etc.

At intervals during each day the Jacksonville Branch advises by wire of the checks drawn on reserve balances which it has on hand.

I go into the practice obtaining between the parent bank and its Branch since that may be material in a determination of the rights of the claimants to the fund.

After considerable correspondence between the Comptroller's office and counsel representing certain of our endorsers, it has been decided that the quickest and most economical way to dispose of the matter would be for the Federal Reserve Bank of Atlanta to file a bill of interpleader in Tampa, setting up all of the pertinent facts and having the court settle the rights of the parties. I have drafted a tentative bill and hand you a copy of the same herewith. I know that you are unusually busy, but I would appreciate your examination of this bill as soon as possible and your advice by wire as to whether or not you see any objection to its being filed. Personally, I see no objection and know of no other way to get the matter settled. We don't want to get in a position where we may have to pay out the fund twice. I realize that the bill which I have prepared might be subject to technical objections and that it might, in the absence of agreement, be impossible to make parties. The situation is, however, that the Comptroller wishes the bill filed and his counsel will raise no objections to the procedure adopted. About forty per cent. in amount of the claims of our endorsers are already in the hands of a firm at St. Petersburg for attention. We have thought it proper for the Federal Reserve Bank to advise all of its endorsers of just what it proposes to do, suggesting the advisability of voluntary appearances in the Federal court at Tampa. In this way we

Mr. Walter Wyatt-#3.

X-6971-d

hope to have all, or substantially all, of the parties at interest actually before the Court.

I am leaving Atlanta Monday evening for St. Petersburg on another matter. While there, however, I will have a conference with counsel who represent, respectively, the Comptroller and a large percentage of those interested in the items which were involved in the cash letters. If it is not asking too much, I would like to get your reactions to the proposed procedure by wire on Monday before I leave for St. Petersburg. In any event, however, I will withhold putting the bill in final shape until I hear from you.

With best regards, I am

Sincerely yours,

(Signed) Robt. S. Parker.

RSP/w.

Encl.

C O P Y

X-6971-e

IN THE DISTRICT COURT OF THE UNITED STATES,
FOR THE SOUTHERN DISTRICT OF FLORIDA,
TAMPA, DIVISION.

Federal Reserve Bank of Atlanta, ()
Complainant ()
vs ()
A. M. Anderson, as Receiver of ()
Central National Bank and Trust ()
Company of St. Petersburg, Florida, ()
et als, ()
Defendants. ()

No. _____.

BILL OF INTERPLEADER.

TO THE HONORABLE, THE JUDGES OF SAID COURT:

Federal Reserve Bank of Atlanta, averring itself to be a body corporate, organized and existing under and by virtue of the laws of the United States, having its principal office and place of business in the City of Atlanta, Fulton County, Georgia, presents this its bill of complaint, the same being a bill of interpleader, against A. M. Anderson, the duly appointed and acting receiver of the Central National Bank and Trust Company of St. Petersburg, Florida, a national banking association, having its principal office and place of business in the City of St. Petersburg, Hillsboro County, Florida and in the Southern District of Florida; Federal Reserve Bank of Boston; Federal Reserve Bank of New York; Federal Reserve Bank of Philadelphia; Federal Reserve Bank of Cleveland; Federal Reserve Bank of Chicago; Federal Reserve Bank of St. Louis; Federal Reserve Bank of Richmond; Federal Reserve Bank of Kansas City (all of said defend-

(2)

ant Federal Reserve Banks being bodies corporate under the laws of the United States and having their respective principal offices and places of business in the Cities, the names of which are incorporated in the respective corporate names of such defendants); and also against the following named State and National banks, to-wit: Citizens and Southern National Bank, Atlanta, Georgia; First National Bank, Atlanta, Georgia; Fulton National Bank, Atlanta, Georgia; Florida National Bank, Bartow, Florida; First National Bank, Miami, Florida; Munroe & Chambliss National Bank, Ocala, Florida; First National Bank and Trust Company, Macon, Georgia; First National Bank, Lake City, Florida; American National Bank, Pensacola, Florida; Hamilton National Bank, Chattanooga, Tennessee; First National Bank, Chattanooga, Tennessee; East Tennessee National Bank, Knoxville, Tennessee; American National Bank, Nashville, Tennessee; Hibernia Bank and Trust Company, New Orleans, Louisiana; First National Bank, Mobile, Alabama; and Whitney National Bank, New Orleans, Louisiana, (all of said defendant State and national banks being corporations, organized and existing either under the laws of the United States or of the respective States in which their principal offices and places of business are located, such principal offices and places of business being indicated in the listing of said State and national bank defendants).

-2-

Said parties, that is to say, the said A. M. Anderson, as Receiver as aforesaid, and the various banks and banking associations or corporations hereinabove listed, are made parties defendant to this action. Complainant avers that the interests of all of said defendants (excepting defendant A. M. Anderson, as Receiver) are identical and that such of said defendants, other than defendant A. M. Anderson, as Receiver, as may be

served by the processes of this court and/or as may appear herein voluntarily are made defendants as representatives of a class, to-wit, a class composed of all of the above named defendants, excepting only the said A. M. Anderson as Receiver. Complainant is advised and believes, and upon such information and belief avers the fact to be, that many of said defendants, whose offices and places of business are located without the State of Florida, will acknowledge or waive service of subpoena and enter an appearance herein.

-3-

This cause arises under the Constitution and laws of the United States for that one of the parties defendant, to-wit, A. M. Anderson, is Receiver of the Central National Bank and Trust Company of St. Petersburg, a national banking association as heretofore stated, he having been appointed as such by the Honorable, the Comptroller of the Currency of the United States acting under and pursuant to the statutes of the United States for such cases made and provided, and, as such Receiver, being an officer of the United States. This cause arises under the Constitution and laws of the United States for the further reason that the same involves a fund claimed by the said defendant A. M. Anderson in his capacity as Receiver, and the cause if, therefore, one for the winding up of the affairs of a national banking association, of which the courts of the United States are given jurisdiction by the statutes of the United States.

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This is a suit in equity, to-wit, a bill of interpleader, seeking such equitable relief as is hereinafter prayed, and the amount involved, exclusive of interest and costs, exceeds the sum or value of three thousand dollars.

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Complainant is one of the twelve Federal Reserve Banks organized and now functioning pursuant to the provisions of that certain Act of Congress known as the Federal Reserve Act as from time to time amended.

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Among the powers and duties granted to and imposed upon complainant as a Federal Reserve Bank, under and by virtue of said Federal Reserve Act, is the power and duty to receive from any of its member banks deposits of checks and drafts payable upon presentation and also for collection maturing bills and notes and also to receive for purposes of exchange or of collection from other Federal Reserve Banks deposits of checks and drafts payable upon presentation within its District, as well as to receive for the purposes of exchange or of collection from any non-member bank or trust company deposits of checks and drafts payable upon presentation or maturing notes and bills, provided any such non-member bank or trust company maintains with complainant a balance sufficient to offset the items in transit held for its account by complainant.

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Under and by said Federal Reserve Act it was provided that "every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said Reserve bank or member bank;" also that "the Federal Reserve Board" * * "may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may

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designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks."

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Acting in pursuance of the provisions of said Federal Reserve Act and desiring to afford both to the public and to the various banks of the country a direct, expeditious and economical system of check collection and settlement of balances, the Federal Reserve Board has heretofore arranged to have each Federal Reserve Bank (including complainant) exercise the functions of a clearing house and collect checks for such of its member banks as may desire to avail themselves of its privileges and for such non-member State banks and trust companies as may maintain with the Federal Reserve Bank balances sufficient to qualify them, under the provisions of the aforesaid Act, to send items to Federal Reserve Banks for purposes of exchange or of collection. Said Federal Reserve Board has also promulgated regulations touching or concerning the clearing and collection of checks sent to a Federal Reserve Bank for collection by its own member banks, qualified non-member clearing banks in its District and by other Federal Reserve Banks or by banks or trust companies in other Federal Reserve Districts for the account of other Federal Reserve Banks.

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Complainant further shows that, pursuant to the provisions of law hereinabove set out or referred to and in conformity with and under the said Regulations of the Federal Reserve Board, it received at all of the dates and times herein mentioned, and now receives, for collection

checks and drafts payable upon presentation when sent to it for that purpose by its member banks, by qualified non-member clearing within its District, by other Federal Reserve Banks and by banks or trust companies located in other Federal Reserve Districts for the account of other Federal Reserve Banks.

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On and prior to April 17, 1931 Central National Bank and Trust Company was a member bank of complainant, that is to say, it owned shares of the capital stock of complainant and was otherwise qualified as a member bank under the terms and provisions of the Federal Reserve Act. On and prior to said date complainant received for collection from its member banks, other Federal Banks and others entitled to avail of the check collection facilities of the Federal Reserve System, checks and drafts drawn on or payable at the said Central National Bank and Trust Company. Such checks and drafts complainant, acting by and through its Jacksonville, Florida, Branch, forwarded to said Central National Bank and Trust Company in conformity with and under the provisions of the aforesaid Regulations of the Federal Reserve Board. Under the terms of collection set out in and imposed by the said Regulations, complainant acted in the collection of such checks and drafts only as agent of the banks from which it received the same. Such checks and drafts were, in the regular course of dealing obtaining between complainant and said Central National Bank and Trust Company, sent by the Jacksonville, Florida Branch of complainant to said Central National Bank and Trust Company for collection and/or payment and remittance enclosed with what were, and are, known as "cash letters." Upon receipt of such checks

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and drafts drawn upon or payable at said Central National Bank and Trust Company, it was the duty of said Central National Bank to collect and/or to pay such items and to remit for the same to the said Jacksonville Branch of complainant, it, complainant, acting in the transaction as agent for the banks from which it had received such items, as heretofore set out.

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On April 17, 1931 and prior thereto, and now, it was and is one of the functions of complainant, as a Federal Reserve Bank, to take on deposit the reserve accounts or balances of its member banks. On April 17, 1931, and prior thereto, said Central National Bank and Trust Company maintained its reserve account with complainant, a portion of the same, to-wit, the fund hereinafter mentioned, still being in the hands of complainant.

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The reserve balance or account of a member bank is that balance required by law to be maintained with the Federal Reserve Bank of the District in which the member is located. Said reserve balance is an account subject to withdrawal by check of the depositor and is otherwise governed (in so far as is material for the purposes of this action) by the ordinary rules, usages and practices obtaining between a bank of deposit and its depositors.

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In the carrying on of its check collection functions hereinbefore described, complainant maintains branches or branch offices, among the same being a branch or office located in the City of Jacksonville, Florida, hereinbefore referred to as complainant's Jacksonville Branch. Checks sent

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by complainant to banks in Florida for collection or payment and remittance were at all the times and dates herein mentioned, and now are, so sent out for such purpose by and from the said Jacksonville Branch and remittances to complainant for the cash letters enclosing items so sent were, and are, made by banks in Florida to such Branch.

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At all of the times and dates herein mentioned, as well as at the present time, the said Jacksonville Branch was and is furnished specimens of the signatures of the officers of member banks in the State of Florida authorized to check against the reserve accounts of such members. At all of such times and at the present time there were and are dispatched daily from the Atlanta office of complainant to its Jacksonville Branch statements showing the reserve balances to the credit of each such member as of the close of business upon the day the said statements of the balances are so sent to the said Branch. Member banks in the State of Florida (including said Central National Bank and Trust Company prior to its closing) customarily remitted to complainant for cash letters sent to them by drafts or checks drawn upon their respective reserve accounts, such remittances being made to complainant's Jacksonville Branch as heretofore set out.

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Upon receipt of such remittance drafts, drawn upon such reserve balances, complainant's Jacksonville Branch inspects the same for genuineness of signature and also in respect of the sufficiency of reserve balances for payment. At intervals during each business day complainant's Jacksonville Branch telegraphs to complainant's Atlanta office lists showing the

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drafts drawn by member banks upon their reserve balances and the amounts thereof, this information being furnished to the end that entries may be made on complainant's books in Atlanta showing charges of such checks to the reserve accounts of the drawers. This practice obtained at all of the dates and times herein mentioned and now obtains.

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On April 15, 1931 complainant, through its Jacksonville Branch, forwarded for collection or payment and remittance to the Central National Bank and Trust Company items aggregating Seventy-five Thousand, Eighty and 96/100 Dollars (\$75,080.96) enclosed with two cash letters, said items consisting of checks drawn on said National Bank by its own depositors and being known as "cash items." Complainant is informed and believes and, upon such information and belief, represents the fact to be that said items were received in St. Petersburg by said Central National Bank and Trust Company on April 16, 1931, upon which date said items were cancelled and charged to the respective accounts of the drawers. On said last mentioned date said Central National Bank and Trust Company drew its check or draft in the amount of Seventy-five Thousand, Eighty and 96/100 Dollars (\$75, - 080.96) upon its reserve account maintained with complainant and dispatched the same by mail to complainant's Jacksonville Branch.

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Said remittance draft, drawn upon the reserve account of said Central National Bank and Trust Company, reached Jacksonville in the early morning mail on April 17, 1931 and the same was received by complainant at its Jacksonville Branch at about 8:00 o'clock A. M. Eastern Standard Time. At approximately 10:00 o'clock Eastern Standard Time on the same day,

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April 17, 1931, said Central National Bank and Trust Company closed its doors and suspended business and its affairs were taken in charge by the Comptroller of the Currency of the United States pursuant to the statutes of the United States for such cases made and provided. Subsequently, A. M. Anderson, one of the defendants herein, was duly appointed receiver for said National Bank.

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Complainant received advice both at its main office in Atlanta and at its Jacksonville Branch of the closing of said Central National Bank and Trust Company shortly after its suspension.

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At the time said remittance draft was received at the Jacksonville Branch of complainant the drawer was open for business. Complainant had, however, not made any entry charging the amount of said check to the reserve account of said Central National Bank and Trust Company prior to the receipt of the notice of suspension, nor had complainant's Jacksonville Branch telegraphed to complainant the information upon which to make entries at the time notice of suspension was received in Jacksonville and Atlanta.

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Each of the defendants herein named (other than defendant A. M. Anderson, as Receiver) had, on or prior to April 15, 1931, sent to complainant's Jacksonville Branch certain of the cash items which were enclosed with one or the other of the cash letters of that date, which complainant's said Branch sent to said Central National Bank and Trust Company as aforesaid. In the case of certain of the defendant Federal Reserve Banks, some

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of the items herein referred to as having been sent to complainant for collection by such Federal Reserve Banks were not actually transmitted to complainant or to its Branch by such Federal Reserve Banks but were, in fact, forwarded to complainant's Jacksonville Branch by member banks of such Federal Reserve Banks but for the account of such Federal Reserve Banks. Such direct sending, however, was, in legal effect, the same as if such items had been sent by the member banks to their Federal Reserve Banks for collection and by the latter to complainant for collection since the direct forwarding was for the account of the said Federal Reserve Banks and was undertaken merely to facilitate speedy collection.

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Complainant further shows that the items enclosed with said two cash letters included items which had been forwarded to complainant's Jacksonville Branch by the following named defendants to the aggregate amounts set opposite their respective names, to-wit.

<u>NAME</u>	<u>AMOUNT.</u>
Federal Reserve Bank of Boston,	\$ 3 258 12
Federal Reserve Bank of New York,	33 042 71
Federal Reserve Bank of Philadelphia,	1 627 65
Federal Reserve Bank of Cleveland,	2 318 13
Federal Reserve Bank of Chicago,	8 471 38
Federal Reserve Bank of St. Louis,	634 42
Federal Reserve Bank of Richmond,	1 880 35
Federal Reserve Bank of Kansas City,	136 76

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<u>NAME</u>	<u>AMOUNT:</u>
Citizens and Southern National Bank, Atlanta, Georgia.	\$ 1 763 52
First National Bank, Atlanta, Georgia.	1 283 97
Fulton National Bank, Atlanta, Georgia.	16 62
Florida National Bank, Bartow, Florida.	5 00
First National Bank, Miami, Florida.	514 52
Munroe and Chambliss National Bank, Ocala, Florida.	90 45
First National Bank and Trust Company, Macon, Georgia.	373 56
First National Bank, Lake City, Florida.	10 00
American National Bank, Pensacola, Florida.	5 00
Hamilton National Bank, Chattanooga, Tennessee.	11 32
First National Bank, Chattanooga, Tennessee.	5 61
East Tennessee National Bank, Knoxville, Tennessee.	109 80
American National Bank, Nashville, Tennessee.	240 02
Hibernia Bank and Trust Company, New Orleans, Louisiana.	80 00
First National Bank, Mobile, Alabama.	61 40
Whitney National Bank, New Orleans, Louisiana.	115 40

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The aggregate of all of said items above listed, as having been forwarded to Complainant's Jacksonville Branch for collection, is Fifty-six Thousand, Fifty-five and 71/100 Dollars (\$56,055.71). Said items were all enclosed with one or the other of said two cash letters as heretofore averred. The remaining of the items enclosed with said two cash letters (the total of said cash letters having been \$75,080.96, as heretofore set out) were handled for collection exactly as were the items included within the amounts hereinabove particularly set out. Neither such other items, however, nor any question as to whether or not the owners or holders thereof are entitled to any portion of the fund in the hands of complainant, hereinafter more particularly referred to, is now involved in this cause according to the knowledge, information and belief of complainant. Should it hereafter develop that the owners and holders of said other items, or any of the same, are claiming any interest in the said fund, complainant will ask leave of the court to amend its bill of interpleader accordingly.

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Complainant is further advised and believes, and, upon such information and belief charges the fact to be, that the various defendant Federal Reserve Banks and/or certain of their respective branches had received cash items, included in the totals hereinbefore set out opposite the names of the defendant Federal Reserve Banks, as agents for collection of certain of their own member banks or non-member clearing banks. Upon such information and belief complainant sets out next below a list or schedule indicating the names of various of the member banks of such defendant Federal Reserve Banks as had sent certain of said items to their Federal Reserve Banks or direct to complainant's Jacksonville Branch for the account of their respective Federal Reserve Banks, and the total of items

so forwarded by such member banks of such defendant Federal Reserve Banks:

FEDERAL RESERVE BANK OF BOSTON.

<u>NAME</u>	<u>AMOUNT</u>
First National Bank Boston, Massachusetts.	\$ 98 12
State Street Trust Company, Boston, Massachusetts.	1 050 00
Industrial Trust Company, Providence, R. I.	693 30
Merchants National Bank, Boston, Massachusetts.	6 10
Atlantic National Bank, Boston, Massachusetts.	1 215 00
National Shawmut Bank, Boston, Massachusetts.	195 60

FEDERAL RESERVE BANK OF NEW YORK.

Federal Reserve Bank, New York, N. Y.	1 949 22
Chase National Bank, New York, N. Y.	26 770 94
National City Bank, New York, N. Y.	44 37
Bank of America, New York, N. Y.	25 00
Guaranty Trust Company, New York, N. Y.	476 04
Marine Midland Trust Company, New York, N. Y.	11 25
Fifth Avenue Bank, New York, N. Y.	10 68
Central Hanover Bank and Trust Company, New York, N. Y.	335 62
New York Trust Company, New York, N. Y.	1 608 00

FEDERAL RESERVE BANK OF NEW YORK (Cont'd)

<u>NAME</u>	<u>AMOUNT</u>
Irving Trust Company, New York, N. Y.	\$ 24 73
Chatham & Phenix National Bank, New York, N. Y.	1 067 14
Chemical National Bank, New York, N. Y.	216 67
National Commercial Bank, Albany, N. Y.	6 30
First Trust Company, Albany, N. Y.	128 25
First National Bank, Jersey City, N. J.	150 00
National Newark & Essex Banking Company, Newark, N. J.	27 67
Federal Reserve Branch Bank, Buffalo, N. Y.	61 81
Marine Trust Company, Buffalo, N. Y.	57 09
Liberty Bank, Buffalo, N. Y.	72 03

FEDERAL RESERVE BANK OF PHILADELPHIA.

Federal Reserve Bank, Philadelphia, Pa.	44 78
Corn Exchange National Bank, Philadelphia, Pa.	695 18
Central-Penn. National Bank, Philadelphia, Pa.	175 12
Market Street National Bank, Philadelphia, Pa.	15 00
Philadelphia National Bank, Philadelphia, Pa.	254 92
Wilmington Trust Company, Wilmington, Delaware.	442 65

FEDERAL RESERVE BANK OF CLEVELAND.

<u>NAME</u>	<u>AMOUNT</u>
Guardian Trust Company, Cleveland, Ohio.	\$ 36 96
Union Trust Company, Cleveland, Ohio.	732 11
Cleveland Trust Company, Cleveland, Ohio.	28 00
Huntington National Bank, Columbus, Ohio.	100 00
Toledo Trust Company, Toledo, Ohio.	10 00
First National Bank, Norwood, Ohio.	99 30
Federal Reserve Branch Bank, Cincinnati, Ohio.	18 98
First National Bank, Cincinnati, Ohio.	572 43
Lincoln National Bank, Cincinnati, Ohio.	3 15
Provident Trust and Savings Bank, Cincinnati, Ohio.	9 25
Fifth Third Union Trust Company, Cincinnati, Ohio.	92 62
Atlas National Bank, Cincinnati, Ohio.	15 00
Second National Bank, Cincinnati, Ohio.	397 07
Federal Reserve Branch Bank, Pittsburgh, Pa.	1 56
Bank of Pittsburgh, Pittsburgh, Pa.	74 01
Mellon National Bank, Pittsburgh, Pa.	127 69

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FEDERAL RESERVE BANK OF CHICAGO.

<u>NAME</u>	<u>AMOUNT</u>
Federal Reserve Bank, Chicago, Ill.	\$ 18 29
Continental-Illinois Bank and Trust Company, Chicago, Ill.	7 513 73
Central Trust Company of Illinois, Chicago, Ill.	58 31
First National Bank, Chicago, Ill.	373 70
Foreman State Bank, Chicago, Ill.	148 41
First Wisconsin National Bank, Milwaukee, Wis.	167 95
First National Bank, Joliet, Ill.	97 58
Fletcher-American National Bank, Indianapolis, Ind.	7 63

FEDERAL RESERVE BANK OF CHICAGO,
(DETROIT BRANCH.)

Peoples Wayne County Bank Detroit, Michigan.	12 16
First National Bank, Detroit, Michigan.	73 62

FEDERAL RESERVE BANK OF ST. LOUIS.

First National Bank, St. Louis, Mo.	8 91
United Bank & Trust Company, St. Louis, Mo.	8 37
Mercantile Commerce Bank and Trust Company, St. Louis, Mo.	20 14
Mississippi Valley Trust Company, St. Louis, Missouri.	54 08

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FEDERAL RESERVE BANK OF ST. LOUIS.
(MEMPHIS BRANCH)

<u>NAME</u>	<u>AMOUNT</u>
First National Bank, Memphis, Tenn.	\$ 284 00
Bank of Commerce and Trust Company, Memphis, Tenn.	101 31

FEDERAL RESERVE BANK OF ST. LOUIS,
(LOUISVILLE BRANCH)

Citizens Union National Bank, Louisville, Ky.	154 11
Liberty Bank and Trust Company, Louisville, Ky.	3 50

FEDERAL RESERVE BANK OF RICHMOND.

Federal Reserve Bank, Richmond, Va.	505 00
State Planter Bank and Trust Company, Richmond, Va.	9 79
First and Merchants National Bank, Richmond, Va.	10 54
American Bank and Trust Company, Richmond, Va.	57 95
National Metropolitan Bank, Washington, D. C.	20 75
Commercial National Bank, Washington, D. C.	14 06
Wachovia Bank and Trust Company, Winston-Salem, N. C.	30 60

FEDERAL RESERVE BANK OF RICHMOND,
(BALTIMORE BRANCH)

Federal Reserve Branch Bank, Baltimore, Md.	1 181 66
First National Bank, Baltimore, Md.	50 00

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<u>NAME</u>	<u>FEDERAL RESERVE BANK OF KANSAS CITY.</u>	<u>AMOUNT</u>
First National Bank, Kansas City, Mo.		\$ 36 76
	<u>FEDERAL RESERVE BANK OF KANSAS CITY, (DENVER BRANCH)</u>	
Federal Reserve Branch Bank, Denver, Colo.		100 00

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Complainant further shows that shortly after the suspension of said Central National Bank and Trust Company the Receiver of said bank demanded of complainant that all of the reserve balance of said bank be turned over to him. At the same time various of the other defendants were demanding that the said remittance draft be charged to the account of the drawer and that they be given credit by complainant for the amounts of their items enclosed with said two cash letters. To none of such demands has complainant acceded for the reason that it was, and is, a mere stakeholder of said reserve balance, or of so much of the same as is in controversy between the parties defendant, that is to say, between the said A. M. Anderson, as Receiver, on the one hand and the other defendants herein named on the other. Complainant did, however, charge the said remittance draft to said reserve balance (the same having been on April 17, 1931 more than sufficient to pay the said remittance draft) and placed the amount thereof in a suspense account to be there held by complainant in trust and for the account of the party, or parties, entitled thereto, pending some judicial determination as to the conflicting rights of the respective claimants.

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Complainant shows that the defendant A. M. Anderson, as Receiver, on the one hand, claims that the entire reserve balance to the credit of Central National Bank and Trust Company, as of the time of suspension and without charging thereto the amount of said remittance draft, should be paid over by complainant to him for the reason that, as said defendant contends, the said remittance draft had not been paid by complainant or charged against the reserve balance when notice of suspension was received by complainant, and for the further reason that said remittance draft could not have been paid by complainant's Jacksonville Branch and charged against the said reserve balance by the Jacksonville Branch and that complainant had no notice of the receipt of said draft at its main office in Atlanta until after the drawer bank had closed. The other defendants, on the other hand, represent to complainant that when said remittance draft was received at complainant's Jacksonville Branch the drawer bank was open and doing business and that said draft should be regarded as having been duly paid, cancelled and charged against the account of the drawer prior to its suspension and as of the time when the said draft was received at the Jacksonville Branch. Complainant does not undertake to set up fully and in detail the conflicting claims of said defendants but adverts in general terms to the same to the end that the court may be advised that there is a bona fide dispute as to the ownership of the said fund.

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With these conflicting contentions this complainant has no concern. Complainant has retained in its hands a portion of said reserve balance equal in amount to said remittance draft and is willing to give

credit, or otherwise pay over, to the respective defendant banks the portions of said fund claimed, respectively, by them should it be determined that the same were and are properly chargeable against said reserve balance of said Central National Bank and Trust Company. Complainant is willing to pay over the full amount in its hand to the Receiver of the Central National Bank and Trust Company should it be determined by proper decree of this court that the Receiver is entitled thereto, and is also willing to turn over to said Receiver any portion of said fund to which the Receiver may be entitled under a proper decree. Complainant holds said fund in trust and as a mere stakeholder. Complainant is entirely indifferent between the parties and is not in collusion with any of them. While, as stated, complainant took said cash items for collection as agent for the banks which had sent the same to it, complainant was acting, quoad such checks, as a mere collection agent, without liability except for its own negligence and guaranty of prior endorsements; it has no interest in the premises except to disburse the fund in its hands as may be legally proper and as this Honorable Court, being advised, may direct.

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Complainant hereby offers to pay into the registry of this Honorable Court the sum of Fifty-six Thousand, Fifty-five and 71/100 Dollars (\$56,055.71), being the amount of the fund now in its hands actually in dispute (according to the knowledge, information and belief of complainant) between the parties herein named as defendants, that is to say, between the Receiver of the Central National Bank and Trust Company on the one hand, claiming all of said fund, and the defendant banks, claiming the

right to receive out of said fund the amounts hereinbefore stated. Complainant also offers to pay into the registry of this Honorable Court such other or further portion of said fund as may be necessary to cover the amount of any other claim to any portion of said fund which may hereafter be made by any person not herein named as defendant.

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Complainant attaches hereto a true copy of Regulation J of the Federal Reserve Board, which Regulation was in effect at all of the dates and times herein mentioned and was the aforementioned Regulation pursuant to the terms of which complainant undertook the collection of the checks enclosed with said two cash letters. Complainant also attaches hereto a true and correct copy of its own Check Collection Circular, issued in conformity with said Regulation J. A copy of said Check Collection Circular had been sent to said Central National Bank and Trust Company upon its promulgation. The said copies are hereby incorporated into this petition to the same effect as if fully set out herein, and leave of reference thereto is hereby prayed when and as often as may be necessary.

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Complainant says that it is without remedy at law; that if it pays to the Receiver the said fund it will be subjected to the claims, demands and suits of said defendant banks, or some one or more of them; that if it pays to said defendant banks the amounts demanded, respectively, by them, it will have to answer the suit of the Receiver. Complainant is advised by its counsel that the conflicting claims and contentions of said parties raise questions of law that are doubtful and difficult of solution, and complainant is, therefore, uncertain as to how said fund should

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be disbursed. While the defendant banks each claim a portion of said fund and the Receiver is claiming the whole thereof, the legal rights of the banks named, and each of them, are determinable upon exactly the same principles and there is no issue which could arise in the determination of the claim of any one of said defendant banks which would not be involved in the determination of the claims of all. The bringing of this bill of interpleader will obviate a multiplicity of suits and will afford the opportunity of settling in one action the claims of all parties asserting an interest in and to said fund, or any part thereof.

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Complainant avers that, in the bringing of this suit, it has incurred the expense of counsel fees and asks that such sum as may appear proper to the Court be decreed in its favor to cover the cost of the services of counsel and that any sum so allowed, as well as the costs of this action, be charged against the fund which is in its hands as a stakeholder as heretofore more particularly set out.

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As heretofore more particularly shown, complainant has named as parties defendant the said Receiver and the banks from whom it had received the said cash items for collection. Included among said defendant banks are certain other Federal Reserve Banks, who were, in turn, handling said items for collection for their own member banks or non-member clearing banks. As more fully set out in the prayers hereof, complainant asks that said named defendants be required to interplead herein. Complainant asks, however, that should any owner or holder of any of the aforementioned cash items or checks, not herein named as defendant, appear or intervene in

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this cause, claiming a portion of said fund, such claimant be allowed to interplead and to set up his or its claim and be bound by any decree rendered herein to the same extent as if such claimant had been by complainant specifically named as a party defendant.

WHEREFORE, being remediless except in a court of equity, where matters of this sort are properly cognizable and relievable, and to the end that complainant may have the relief herein prayed, it brings this its bill of interpleader and respectfully prays of the court:

1. That this Honorable Court may enter an order permitting it to pay into the registry of the Court the sum of Fifty-six Thousand, Fifty-five and 71/100 Dollars (\$56,055.71), being the amount of the fund which, according to the knowledge, information and belief of complainant, is now in controversy between the parties to this cause and is now in the hands of complainant as a stakeholder as aforesaid; that the Clerk of this Court be authorized to receive and receipt for said sum; and that, upon the payment of the same into court, said complainant be discharged from any and all further liability to said defendants, or any of them.

2. That complainant may hereafter have the right to pay into the registry of the Court such other or further portion of said fund as may be necessary to cover the amount of any other claim to any portion of said fund of Seventy-five Thousand, Eighty and 96/100 Dollars (\$75,080.96) which may hereafter be made by any person not herein named as defendant.

3. That the defendants herein named may be decreed to interplead and settle between themselves their rights or claims to the said fund in the hands of complainant, or any portion thereof.

4. That, should any owner or holder of any of the cash items or checks in complainant's bill referred to, not herein named as defendant,

appear or intervene in this cause, claiming a portion of said fund, such claimant be allowed to intervene and to set up his or its claim and be bound by any decree rendered herein to the same extent as if such claimant had been by complainant specifically named as a party defendant.

5. That the defendants, and each of them, be restrained by a preliminary order of injunction from commencing or prosecuting any action or proceeding against complainant concerning the matters above stated, and that, in due course, this injunction be made perpetual.

6. That the Court issue a rule or order nisi, requiring said defendants, and each of them, to show cause at some time to be limited by the Court why the relief herein prayed should not be granted.

7. That complainant have such other and further relief as may be meet and agreeable to equity and as the nature of its case may require.

8. May it please your Honors to grant unto complainant not only a writ of injunction conforming to the prayers of this bill, but also to grant a writ, or writs, of subpoena, to be issued by or out of this Court, to be directed to the defendant A. M. Anderson as Receiver of Central National Bank and Trust Company of St. Petersburg, Florida, and to the banks, Federal Reserve, State and National, hereinbefore specifically named as defendants, commanding them, and each of them, at a certain time and under a certain penalty to be therein specified, to be and appear before this Court, then and there to answer the allegations hereof, but not under oath (answer under oath being hereby expressly waived), and to abide by the orders and decrees of the Court herein, and that the defendants may appear herein according to law.

Solicitors for Complainant

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6972

September 21, 1931.

Dear Sir :

From the various cases which have been brought to the attention of this office from time to time involving check collections by Federal reserve banks, I have recently had occasion to have compiled a list of the opinions construing Regulation J of the Federal Reserve Board and/or the check collection circulars of the Federal reserve banks.

Thinking that you may find information of this kind of assistance at some time in the future, I am giving below the references to these opinions.

Malloy v. Federal Reserve Bank of Richmond, 281 Fed. 997, (affirmed 291 Fed. 763; but regulation and circular not specifically construed), affirmed 44 S. Ct. 296, 264 U.S. 160;

Pascagoula National Bank v. Federal Reserve Bank of Atlanta, 3 F.(2d) 465, affirmed, 11F (2d) 866, petition for writ of certiorari denied, 46 S.Ct. 637, 271 U.S. 685;

Early v. Federal Reserve Bank of Richmond, unpublished opinion of United States District Court for Eastern District of South Carolina (X-6064, enclosed herewith), reversed in part, 30 F (2d) 198, affirmed 50 S. Ct. 235, 281 U.S. 84;

Federal Reserve Bank of Minneapolis v. First National Bank of Eureka, 277 Fed. 300;

Capital Grain and Feed Company v. Federal Reserve Bank of Atlanta, 3 F. (2d) 614;

Louisville & Nashville Railroad Co. v. Federal Reserve Bank of Atlanta, unreported decision of Chancery Court at Nashville, Tenn. (X-4858, enclosed herewith; affirmed by Supreme Court of Tennessee, but regulation and circular not specifically passed upon, 10 S.W. (2d) 683).

Vann v. Federal Reserve Bank of Richmond, 47 F.(2d) 786;

Transcontinental Oil Co. v. Federal Reserve Bank of Minneapolis, 214 N.W. 918;

Carson v. Federal Reserve Bank of New York, 235 N.Y. S. 197, affirmed, 172 N.E. 475;

Fergus County v. Federal Reserve Bank of Minneapolis, 244 Pac. 883;

Odle v. Barnes, 2 S.W. (2d) 577;

Chicago, Milwaukee and St. Paul Railway Co. v. Federal Reserve Bank of San Francisco, 260 Pac. 262;

First National Bank of Denver v. Federal Reserve Bank of Kansas City, 286 Pac. 117 (See also 6 F.(2d) 339);

Hirning v. Federal Reserve Bank of Minneapolis, unreported decision of the United States District Court, District of Minnesota, Fourth Division, (X-6671, enclosed herewith; judgment reversed by United States Circuit Court of Appeals for Eighth Circuit and cause remanded with instructions to grant new trial (X-6954, enclosed herewith) - regulation and circular not specifically passed upon and decision not yet reported);

Bank of Wesleyville v. Rose, 85 Pa. Superior Ct.52.

If you know of any opinions in addition to those referred to above, it will be appreciated if you will bring them to my attention.

Very truly yours,

Walter Wyatt
General Counsel

SES OMC

TO COUNSEL FOR ALL FEDERAL RESERVE BANKS AND BRANCHES.

FEDERAL RESERVE BOARD

437

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6972

October 2, 1931.

Dear Sir:

This is to advise you that Mr. Chester Morrill has been appointed by the Federal Reserve Board to the position of Secretary of the Board.

Mr. Morrill, who has been connected with the Federal Farm Loan Board in the capacity of Secretary and General Counsel, will assume his new duties on October 7, 1931.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS AND AGENTS OF ALL F. R. BANKS.

(Third Tentative Draft - September 22, 1931.)

A BILL

To amend Section 19 of the Federal Reserve Act, and for other purposes.

BE IT ENACTED BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That Section 19 of the Federal Reserve Act (United States Code, Title 12, Sections 461 to 466, inclusive, and Section 374), as amended, be further amended and reenacted to read as follows:

"BANK RESERVES

"Section 19. (a) Each member bank shall establish and maintain reserves equal to five per centum (5%) of the amount of its net deposits, plus fifty per centum (50%) of the amount of its daily debits; but, in no event, shall the aggregate reserves required to be maintained by any member bank exceed thirteen per centum (13%) of its gross deposits.

"(b) Each member bank in a city in which a Federal reserve bank or a branch thereof is located, or in any other city in close proximity thereto designated by the Federal Reserve Board, shall maintain not less than four-fifths of its total required reserves in the form of a reserve balance on deposit with the Federal reserve bank: Provided, however, That, with the permission of the Federal Reserve Board which may be granted, denied, or revoked in the discretion of said Board, banks in outlying sections of such cities may maintain not less than two-fifths of their total required reserves in the form of reserve balances on deposit with the Federal reserve bank. Every other member bank shall maintain not less than two-fifths of its total required reserves in the form of a reserve balance on deposit with the Federal reserve bank. The remainder of

the total required reserves of each member bank, over and above the amount required to be maintained in the form of a reserve balance on deposit with the Federal reserve bank, may, at the option of such member bank, consist either of a reserve balance on deposit with the Federal reserve bank, or of cash owned by such member bank on its premises or in transit between such member bank and the Federal reserve bank.

"(c) The term 'gross deposits', within the meaning of this section, shall include all deposit liabilities of any member bank of any kind or character, including demand deposits, time deposits, savings accounts, time certificates of deposit, postal savings deposits, deposits of public moneys of the United States or of any State, county, city, town, village, municipality or political subdivision thereof, certified checks outstanding, cashiers', treasurers' and other officers' checks outstanding, cash letters of credit, travelers' checks outstanding, and all other similar liabilities, as further defined and specified by the Federal Reserve Board.

"(d) The term 'net deposits', as used in this section, shall mean the amount of the gross deposits of any member bank, as above defined and as further defined by the Federal Reserve Board, minus the sum of (1) all balances due to such member bank from other member banks in the United States and their domestic branches, and (2) checks and other cash items in process of collection which are payable immediately upon presentation in the United States, within the meaning of these terms as further defined by the Federal Reserve Board.

"(e) The term 'debits', as used in this section, shall mean the total daily amount of charges or debits made by any member bank to any and

all accounts included in gross deposits as above defined and as further defined by the Federal Reserve Board, except charges resulting from the payment of certified checks and cashiers', treasurers' and other officers' checks.

"(f) The term 'cash', within the meaning of this section, shall include gold bullion, gold coins, standard silver dollars, subsidiary silver coins, minor coins, United States notes, gold certificates, silver certificates, Treasury notes of 1890, national bank notes, Federal reserve notes, and Federal reserve bank notes, lawfully coined or issued under the laws of the United States, as further defined by the Federal Reserve Board.

"(g) The term 'reserve balance', as used in this section, shall mean a member bank's actual net balance on the books of the Federal reserve bank representing actually collected funds available for immediate withdrawal or for reserve purposes under regulations prescribed by the Federal Reserve Board.

"(h) With respect to each member bank, the term 'Federal reserve bank', as used in this section, shall mean the Federal reserve bank or branch Federal reserve bank of the district in which such member bank is located.

"(i) For the purpose of computing and maintaining the reserves required by this section, each member bank and each branch of a member bank shall be deemed to be a separate bank. Each branch of a member bank shall maintain its reserve balance on deposit with the Federal reserve bank or branch Federal reserve bank of the district in which it is located, unless the Federal Reserve Board, in its discretion, directs that its reserve balance be maintained on deposit with the Federal reserve bank or branch

Federal reserve bank of the district in which the parent bank is located.

"(j) The Federal Reserve Board is authorized and empowered to prescribe regulations defining further the various terms used in this Act, fixing periods over which reserve requirements and actual reserves may be averaged, determining the methods by which reserve requirements and actual reserves shall be computed, and prescribing penalties for deficiencies in reserves. Such regulations and all other lawful regulations of the Federal Reserve Board shall have the force and effect of law and the courts shall take judicial notice of them.

"(k) Subject to such regulations and penalties as may be prescribed by the Federal Reserve Board, any member bank may draw against or otherwise utilize its reserves for the purpose of meeting existing liabilities: Provided, however, That, if a member bank in a city in which a Federal reserve bank or branch thereof is located, or in any other city in close proximity thereto designated by the Federal Reserve Board, shall fail for six consecutive business days to maintain the reserves required by this section, or if a member bank in any other city shall fail for twelve consecutive business days to maintain the reserves required by this section, the directors of such bank shall be jointly and severally liable for any and all losses to such bank arising out of any new loans or investments made following such periods of continued deficiencies and prior to the restoration of its reserves to the amount required by this Act.

"(l) All penalties for deficiencies in reserves which are hereafter incurred under regulations prescribed by the Federal Reserve Board pursuant to the provisions of this Act shall be paid to the Federal reserve bank by the member bank against which they are assessed.

"(m) Whenever, in the judgment of the Federal Reserve Board such action is necessary to protect the gold reserves of the Federal Reserve System, the Federal Reserve Board, in its discretion and upon the affirmative vote of five of its members, may require any or all member banks to pay and deliver to the Federal reserve bank any or all gold coin, gold bullion, and gold certificates owned by such member bank or banks. Upon receipt of such gold coin, gold bullion or gold certificates, the Federal reserve bank shall pay therefor an equivalent amount of other cash or shall give the member bank immediate credit therefor in its reserve balance, at the option of the member bank, and shall pay all costs of the transportation of such gold bullion, gold coin, gold certificates or other cash, including the cost of insurance, protection, and such other incidental costs as may be reasonably necessary.

"(n) No member bank shall keep on deposit with any State bank or trust company which is not a member bank a sum in excess of ten per centum of its own paid-up capital and surplus.

"(o) Except with the permission of the Federal Reserve Board, which may be granted, denied or revoked in the discretion of said Board, no member bank shall act as the medium or agent of a non-member bank in applying for or receiving discounts or other credit accommodations from a Federal reserve bank under the provisions of this Act.

"(p) National banks or banks organized under local laws, located in Alaska or in a dependency or insular possession or any part of the United States outside of the continental United States may remain non-member banks, and shall in that event maintain the reserves and comply with all the other conditions provided by law regulating them prior to the enactment of the Federal Reserve Act; or said banks may, with the consent of the Federal Reserve Board, become member banks of any one of the Federal Reserve Districts, and shall in that event take stock, maintain reserves, and be subject to all the other provisions of this Act.

"(q) The provisions of Section 7 of the First Liberty Bond Act, approved April 24, 1917, Section 8 of the Second Liberty Bond Act, approved September 24, 1917, and Section 8 of the Third Liberty Bond Act, approved April 4, 1918 (U.S. Code, Title 31, Section 771) which exempt deposits of public moneys by the United States in designated depositories from the reserve requirements of this Act and all other acts or parts of acts in conflict with this Act are hereby repealed only in so far as they are in conflict with the provisions of this Act."

Section 2. This Act shall become effective six months after its approval by the President of the United States.

C O P Y

X-6976

T E L E G R A M
FEDERAL RESERVE SYSTEM
(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

67 fy

Atlanta 1110a Sept. 24,

Wyatt

Washington

Referring your suggestion as to interpleader in central national bank and trust co matter do not think we could file bill with Reservation of right to appear for any purpose which might influence decision of court. Do not think either side will make any attempt to give regulation J an interpretation at variance with its clear intendment. as stated in former correspondence think case will turn entirely upon proposition of whether remittance draft should be regarded as having been paid as of the time when it reached the Jacksonville branch

Parker

1250 p

C O P Y

X-6976-a

September 24, 1931.

Mr. Robert S. Parker,
Suite 1607, William-Oliver Building,
Atlanta, Georgia.

Dear Bob:

Please accept my thanks for your letter of September 18, 1931, with further reference to your proposed bill of interpleader in the case of Federal Reserve Bank of Atlanta v. Anderson, Receiver of the Central National Bank and Trust Company of St. Petersburg, Florida.

I note with interest that you have discussed this subject with counsel who will represent respectively the receiver and a large percentage of the other claimants to the fund and that they seem to be agreed that the Early Case will in no way be involved in this case, because of the changes which have been made in Regulation J. I note, however, that you anticipate that counsel for some of your endorsers may contend that the remittance draft operated as an assignment pro tanto of the reserve balance.

Even though the decision of the Supreme Court in the Early Case is not relied upon by counsel for the owners of the checks, I hardly see how it will be possible for the court to avoid the necessity of construing Regulation J as amended; and, even if the court should avoid all reference to Regulation J, I believe the question whether a draft on the reserve balance operates as an assignment pro tanto of that balance is a question of almost equal importance to the Federal reserve banks. If the court should hold that such a draft operates as an equitable assignment pro tanto of the reserve balance, the practical result would be substantially the same as if the Federal reserve bank were required to charge checks to the reserve balance after the insolvency of the remitting bank. I cannot help feeling, therefore, that this case will involve questions of great interest to the Federal Reserve System and that every possible precaution should be taken to see that the views of the Federal reserve banks as to the proper interpretation and application of Regulation J are properly presented to the court.

In this connection, one of my associates here suggested yesterday that it might be possible for you to amend your bill of

- 2 -

interpleader so as to say that, while the Federal reserve bank has no interest in the fund involved, it is vitally interested in the questions of law involved, and especially in the interpretation of its check collection circular and of the applicable provisions of Regulation J, and that the Federal reserve bank, therefore, requests the privilege of presenting its views on these questions to the court, either as amicus curiae or in some other capacity. This seems to me to be a good idea and to be a more accurate statement of the Federal reserve bank's true position than the statement that the Federal reserve bank has no interest in the controversy. I, therefore, sent you a telegram yesterday submitting this suggestion for your consideration.

At the Conference of Counsel of all Federal reserve banks held in Washington, June 9 and 10, 1930, at which the revision of Regulation J was prepared, we reached an informal understanding that Counsel for all Federal reserve banks should confer as to the best method of protecting the interests of all Federal reserve banks in the first case arising under the amended regulation. The case of Skinner and Company v. Federal Reserve Bank of Richmond having been disposed of as a result of the reorganization of the bank on which the check involved in that case was drawn, this appears to be the first case in which the courts will have an opportunity to pass upon the amended regulation. After obtaining your permission, therefore, I am sending counsel for all of the Federal reserve banks copies of our correspondence and of your proposed bill of interpleader and inviting their suggestions as to how the interests of the Federal reserve banks may best be protected in this matter. In view of your fine spirit of cooperation, I am sure that you will be glad to have any suggestions which they may care to submit.

Assuring you of my deep appreciation of your courtesy in conferring with me about this case, and with warmest personal regards, I am

Cordially yours,

Walter Wyatt,
General Counsel.

WW-sad

C O P Y

X-6976-b

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT
ATTORNEYS AT LAW
SUITE 1607 WILLIAM-OLIVER BLDG.
ATLANTA, GA.

September 18, 1931.

Mr. Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Walter:

Re: Central Nat'l Bank & Trust Co.,
St. Petersburg, Fla.

I thank you very much for your letter of September 16th, written with reference to the proposed bill of interpleader to be filed in the above matter.

I was in St. Petersburg and Tampa this week and, while there, submitted the proposed bill to counsel who will represent, respectively, the Receiver and a large percentage of the other claimants to the fund.

Counsel seem to be agreed that the Early case will in no way be involved in this case, because of the changes which have been made in Regulation J.

I think that counsel will concede that the controlling question in the case is whether or not the remittance draft should be regarded as having been paid as of the time when it was received through the mails by the Jacksonville Branch of the Reserve Bank, although counsel for some of our endorsers may make the contention that the draft operated as an assignment pro tanto of the fund on which it was drawn. No contention will be made that the Federal Reserve Bank had the right or rested under any duty to "pay" the draft after receiving notice of the insolvency of the Central National Bank.

If the respective contentions of the parties are made as I now anticipate, there would seem to be no danger of the development in the case of any question which might embarrass the Federal Reserve Banks. I shall, however, keep a close watch on the situation.

So far as jurisdiction is concerned, I think there is no doubt about the fact that the court at Tampa would have

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT

CONTINUATION SHEET

Mr. Walter Wyatt, - #2.

9-18-31.

jurisdiction inasmuch as the Central National Bank and Trust Company of St. Petersburg had its office in the Southern District of Florida, Tampa Division, and the Receiver is one of the parties defendant. I do not think that any defendants, citizens or residents of States other than Florida, could be made defendants without their consent. Within the next few days, however, the Federal Reserve Bank of Atlanta will write all of its endorsers, stating its intention to file the bill of interpleader and suggesting the advisability of making voluntary appearances. As I wrote you a day or so since, I anticipate that all, or substantially all, of the claimants to the fund will be before the Court when the case is heard.

With personal regards, I am

Sincerely yours,

(Signed) Robt. S. Parker.

Robt.S. Parker.

RSP/w.

C O P Y

X-6977

FEDERAL RESERVE BANK
OF RICHMOND

September 8, 1931.

Federal Reserve Board,
Washington, D. C.Attention: Mr. Walter Wyatt, General Counsel.

Dear Mr. Wyatt:

You will recall our correspondence concerning the case of W. I. Skinner and Company v. Federal Reserve Bank of Richmond and the Receiver of the National Bank of Greenville. The State Bank and Trust Company of Greenville, a recently organized state bank, has purchased the assets of the National Bank of Greenville and assumed its liabilities upon certain terms and conditions. In pursuance of this agreement we have received payment of the claim filed by this bank upon our cash letter containing the check of Person-Garrett Company to the order of W. I. Skinner and Company on the National Bank of Greenville with interest from the date of suspension.

As you will recall, this claim was filed under an agreement between myself and counsel for the plaintiffs for the benefit of whom it might concern, and we are today transferring to them the amount of the check through banking channels as they requested. This will I assume end the litigation, as nothing could possibly remain to be settled except the amount of costs, and I suppose that our opponents will be entirely willing to dismiss the suit upon each side paying its own costs. Since Mr. Baker was kind enough to consult with me in this case, I am writing him to notify him that the controversy has been settled and enclose a copy of my letter.

Thanking you for the interest which you have taken and the assistance which you have given in this matter, I remain,

Very truly yours,

(Signed) M. G. Wallace

M.G. Wallace,
Counsel.

MGW R

COPY

X-6977-a

FEDERAL RESERVE BANK OF RICHMOND

September 8, 1931

Honorable Newton D. Baker,
c/o Baker, Hostetler, Sidlo, and Patterson,
Union Trust Bldg.,
Cleveland, Ohio.

My dear Mr. Baker:

You will recall that you were kind enough to consult with me concerning the conduct of the defense in a suit entitled W. I. Skinner and Company v. Federal Reserve Bank and V. P. Wright, Receiver of the National Bank of Greenville, pending in the U. S. District Court for the Eastern District of North Carolina.

Under a plan of reorganization the Receiver of the failed bank has paid to this bank the full amount of our unpaid cash letter which contained the check in that suit, together with interest from the date of the suspension, and we are today settling ~~the~~ claim by crediting W. I. Skinner and Company with the amount of the check and interest, which, of course, ends the controversy.

Thanking you for the assistance which you rendered to me in this case, I am,

Very cordially yours,

M. G. Wallace,
Counsel.

MGW R

Copy to - Mr. Walter Wyatt,
Federal Reserve Board,
Washington, D. C.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6978

September 25, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCENT" has been designated to cover a new issue of Treasury Bills, dated September 30, 1931, and maturing December 30, 1931.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCEDD", on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

X-6981

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For immediate release

October 8, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of New York has established a rediscount rate of $3\frac{1}{2}$ per cent on all classes of paper of all maturities, effective October 9, 1931.

X-6982

F E D E R A L R E S E R V E B O A R D
S T A T E M E N T F O R T H E P R E S S

For release at 3:00 p.m.

October 9, 1931

The Federal Reserve Board announces that the Federal Reserve Bank of Cleveland has established a rediscount rate of 3 per cent on all classes of paper of all maturities, effective October 10, 1931.

X-6983

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 3:00 p.m.

October 9, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Boston has established a rediscount rate of 2 1/2 per cent on all classes of paper of all maturities, effective October 10, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6984

October 12, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCISTERN" has been designated to cover a new issue of Treasury Bills, dated October 15, 1931, and maturing January 13, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCENT" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6985

October 12, 1931.

SUBJECT: Expense, Main Lines, Leased Wire System,
September, 1931.

Dear Sir:

Enclosed herewith you will find two mimeographed statements, X-6985-a and X-6985-b, covering in detail operations of the main lines, Leased Wire System, during the month of September, 1931.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to the Federal Reserve Board.

Very truly yours,

Fiscal Agent.

Enclosures.

TO GOVERNORS OF ALL F. R. BANKS.

REPORT SHOWING CLASSIFICATION AND NUMBER OF WORDS TRANSMITTED OVER MAIN LINES
OF THE FEDERAL RESERVE LEASED WIRE SYSTEM FOR THE MONTH OF SEPTEMBER, 1931.

From	Business reported by banks	Words sent by New York chargeable to other F. R. Banks (1)	Net Federal reserve bank business	Percent of total bank business (*)
Boston	25,255	3,540	28,795	3.23
New York	157,756	-	157,756	17.68
Philadelphia	32,688	2,244	34,932	3.91
Cleveland	76,586	3,143	79,729	8.93
Richmond	60,976	4,220	65,196	7.30
Atlanta	51,368	9,200	60,568	6.79
Chicago	97,113	4,977	102,090	11.44
St. Louis	57,632	3,511	61,143	6.85
Minneapolis	34,586	4,638	39,224	4.39
Kansas City	74,977	3,431	78,408	8.79
Dallas	68,604	15,947	84,551	9.47
San Francisco	95,160	4,969	100,129	11.22
Total	832,701	59,820	892,521	100.00
F. R. Board business			288,495	1,181,016
Treasury Department business Incoming and Outgoing				<u>135,320</u>
Total words transmitted over main lines				1,316,336

(*) These percentages used in calculating the pro rata share of leased wire expense as shown on the accompanying statement (X-6985-b).

(1) Number of words sent by New York to other F. R. Banks for their sole benefit charged to banks indicated in accordance with action taken at Governors' Conference November 2 - 4, 1925.

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REPORT OF EXPENSE MAIN LINES
FEDERAL RESERVE LEASED WIRE SYSTEM, SEPTEMBER, 1931.

Name of bank	Operators' salaries	Operators' overtime	Wire rental	Total expenses	Pro rata share of total expenses	Credits	Payable to Federal Reserve Board
Boston	\$260.00	\$ -	\$ -	\$260.00	\$677.52	\$260.00	\$417.52
New York	1,134.15	-	-	1,134.15	3,708.55	1,134.15	2,574.40
Philadelphia	225.00	-	-	225.00	820.16	225.00	595.16
Cleveland	306.66	-	-	306.66	1,873.15	306.66	1,566.49
Richmond	190.00	-	230.00 (&)	420.00	1,531.25	420.00	1,111.25
Atlanta	270.00	-	-	270.00	1,424.27	270.00	1,154.27
Chicago	3,868.28 (#)	3.00	-	3,871.28	2,399.65	3,871.28	1,471.63 (*)
St. Louis	195.00	-	-	195.00	1,436.85	195.00	1,241.85
Minneapolis	200.00	-	-	200.00	920.85	200.00	720.85
Kansas City	287.50	-	-	287.50	1,843.79	287.50	1,556.29
Dallas	251.00	-	-	251.00	1,986.42	251.00	1,735.42
San Francisco	380.00	-	-	380.00	2,353.50	380.00	1,973.50
Federal Reserve Board	-	-	15,578.78	15,578.78	-	-	-
Total	\$7,567.59	\$3.00	\$15,808.78	\$23,379.37	\$20,975.96	\$7,800.59	\$14,647.00
				<u>2,403.41(a)</u>			<u>1,471.63 (b)</u>
				\$20,975.96			\$13,175.37

(&) Main line rental, Richmond-Washington.

(#) Includes salaries of Washington operators.

(*) Credit.

(a) Received \$2,403.41 from Treasury Department covering business for the month of September, 1931.

(b) Amount reimbursable to Chicago.

STATEMENT OF BUREAU OF ENGRAVING & PRINTING

Federal Reserve Notes, Series 1928.

September 1 to 30, 1931.

	<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$50</u>	<u>\$100</u>	<u>\$500</u>	<u>\$1000</u>	Total Sheets	Amount
Boston	10,000	20,000	-	-	-	-	-	30,000	\$2,775.00
New York	100,000	30,000	-	-	-	-	-	130,000	12,025.00
Philadelphia	40,000	25,000	12,000	-	-	-	-	77,000	7,122.50
Cleveland	30,000	217,000	-	42,000	34,000	-	-	323,000	29,877.50
Atlanta	30,000	16,000	-	-	-	-	-	46,000	4,255.00
Kansas City	-	10,000	-	-	-	-	-	10,000	925.00
Dallas	-	10,000	4,000	9,000	4,000	500	250	27,750	2,566.88
San Francisco	104,000	50,000	20,000	-	-	-	-	174,000	16,095.00
	<u>314,000</u>	<u>378,000</u>	<u>36,000</u>	<u>51,000</u>	<u>38,000</u>	<u>500</u>	<u>250</u>	<u>817,750</u>	<u>\$75,641.88</u>

817,750 sheets, @ \$92.50 per M., \$75,641.88

X-6988

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For immediate release.

October 15, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of New York has established a rediscount rate of 3 1/2 per cent on all classes of paper of all maturities, effective October 16, 1931.

X-6989

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 3:00 p. m.

October 16, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Chicago has established a rediscount rate of 3 1/2 per cent on all classes of paper of all maturities, effective October 17, 1931.

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 3:00 p. m.

October 16, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Boston has established a rediscount rate of 3 1/2 per cent on all classes of paper of all maturities, effective October 17, 1931.

X-6991

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 3:00 P.M.

October 19, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Richmond has established a rediscount rate of 4% on all classes of paper of all maturities, effective October 20, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6992

October 19, 1931.

SUBJECT: Holidays during November, 1931.

Dear Sir:

On Monday, November 2nd, the New Orleans Branch of the Federal Reserve Bank of Atlanta will be closed in observance of All Saints' Day.

On Tuesday, November 3rd, Election Day, the following head offices and branches will be closed:

New York	Cleveland) at 1 p.m. E.S.T.
Buffalo	Cincinnati) will participate
) in clearings
Philadelphia	Pittsburgh	
	Richmond	

Please include credits for the banks affected on each of these holidays with your credits for the following business day, and make no shipments of Federal reserve notes for account of the head offices affected on November 3rd.

On Wednesday, November 11th, in observance of Armistice Day, and on Thursday, November 26th, Thanksgiving Day, there will be neither gold settlement fund nor Federal reserve note clearing, and the books of the Board's gold settlement fund will be closed.

The offices of the Federal Reserve Board and of the Federal Reserve Bank of New York and its Buffalo Branch will be open for business on November 11th.

Please notify branches.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

X-6993

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 4:00 p.m.

October 20, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Dallas has established a rediscount rate of 4 per cent on all classes of paper of all maturities, effective October 21, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6994

October 20, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCITED" has been designated to cover a new issue of Treasury Bills, dated October 26, 1931, and maturing January 25, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCISTERN" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

X-6995

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 6:00 p.m.

October 20, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of San Francisco has established a rediscount rate of $3\frac{1}{2}\%$ on all classes of paper of all maturities, effective October 21, 1931.

X-6996

F E D E R A L R E S E R V E B O A R D

S T A T E M E N T F O R T H E P R E S S

.For release at 3:00 P. M.

October 21, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Philadelphia has established a rediscount rate of $3\frac{1}{2}$ per cent on all classes of paper of all maturities, effective October 22, 1931.

X-6997

F E D E R A L R E S E R V E B O A R D
S T A T E M E N T F O R T H E P R E S S

For release at 3:00 P. M.

October 21, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of St. Louis has established a rediscount rate of $3\frac{1}{2}$ per cent on all classes of paper of all maturities, effective October 22, 1931.

X-7000

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 4:30 p.m.

Oct. 22, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Kansas City has established a rediscount rate of $3\frac{1}{2}\%$ on all classes of paper of all maturities, effective October 23, 1931.

X-7001

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

For release at 3:00 p. m. .

October 23, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Cleveland has established a rediscount rate of 3 1/2 per cent on all classes of paper of all maturities, effective October 24, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7002

October 23, 1931.

SUBJECT: Group Life Insurance at Federal
Reserve Banks.

Dear Sir:

Referring to the Board's letter of Sep-
tember 3 on the above subject, there is attached
hereto for your further information, copy of a
memorandum prepared by the Division of Bank
Operations under date of September 25 on the cost
of group life insurance at Federal reserve banks.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

Enclosure.

TO GOVERNORS AND CHAIRMEN OF ALL F. R. BANKS.

TO Federal Reserve BoardDATE: September 25, 1931.FROM Mr. Van FossenSUBJECT: Group Life Insurance

Since the preparation of my memorandum of August 12 on the above subject, we have compiled certain information, shown below, on the cost per \$1000 of group life insurance carried by the various Federal reserve banks, which may be of interest to the Board. In this connection it should be borne in mind that the cost of group life insurance varies considerably from year to year at a given Federal reserve bank, and accordingly only very general conclusions can be drawn from the table below as to the relative cost of such insurance at the respective Federal reserve banks. The cost per \$1,000 of insurance shown in the first column below is based on essentially the same scale of rates at each reserve bank and the relatively high average rates at certain of the banks are due to a correspondingly high ratio of employees of advanced age. For example, at Minneapolis and Kansas City 15 per cent of the employees are over 50 years of age and the cost of insurance on these lives is 52 per cent of the total cost at Minneapolis and 47 per cent at Kansas City. None of the other banks, except Philadelphia perhaps, have more than 10 per cent of their employees in this age group and the cost of insurance on such employees is but 28 per cent of the total cost at Boston and but little over 30 per cent at a number of other banks.

Cost per \$1,000 of Group Life Insurance carried by Federal reserve banks.

Federal Reserve Bank	Average	Experience	Dividends	Actual cost per \$1,000	
	tabular or policy rate*	discount -- per cent of tabular rate	received -- per cent of tabular rate	Per cent of tabular rate	Amount
<u>Annual Premium Policies</u>					
Philadelphia	\$11.28	36	Non-participating	64	\$7.21
Kansas City	12.29(a)	27	"	73	8.97
San Francisco	9.48	23	"	77	7.30
Cleveland	8.91	15	"	85	7.58
	9.27(b)	18.2		81.8	7.58
Boston	8.89	12	"	88	7.82
Dallas	9.65(a)	None	44.1	55.9	5.39
<u>Monthly Premium Policies</u>					
New York	9.95	10.7	37.6	51.7	5.14
Richmond	10.44	19.5	24.4	56.1	5.86
Atlanta	10.20	2.3	7.7	90.0	9.18
Chicago	10.10	9.7	8.5	81.8	8.26
St. Louis	10.86	9.4	43.8	46.8	5.08
Minneapolis	12.72	16.0	None	84.0	10.68

*Slightly higher rates are charged on the monthly premium policies due to interest on deferred payments. Allowing for this the scale of rates at each age is identical for all banks, except Cleveland.

(a) After deduction of extra premium for double indemnity for accidental death.

(b) Calculated on the scale of rates charged the other reserve banks.

October 26, 1931.

Mr. M. G. Wallace, Counsel,
Federal Reserve Bank,
Richmond, Virginia.

My dear Mr. Wallace:

Please accept my sincere apologies for not acknowledging more promptly your kind letter of July 9, 1931, transmitting for my information a copy of an opinion that you had given to Governor Seay with reference to the effect of the decision of the Circuit Court of Appeals in the case of Gamble v. Wimberly, 44 Fed. (2nd) 329, on the rights of Federal reserve banks against receivers of insolvent national banks. I have been literally overwhelmed with work and this is the first opportunity I have had to read your letter and the enclosures with care.

I agree with your conclusion that the decision of the Circuit Court of Appeals is wrong, because it is in conflict with the decisions of the Supreme Court of the United States, and it will be advisable for one of the Federal reserve banks located in another circuit to attempt to take a test case on this question to the Supreme Court of the United States when a favorable opportunity presents itself. I am therefore transmitting a copy of your letter and the enclosures thereto and a copy of this letter to Counsel for all Federal reserve banks for their information.

M. G. Wallace - 2

If any steps have been taken to obtain a review of the decision of the Circuit Court of Appeals by the Supreme Court of the United States, or if there have been any further developments with respect to the practical application of this decision in the administration of the affairs of the insolvent national banks by the Comptroller of the Currency, I should appreciate it if you would kindly advise me.

With kindest personal regards and best wishes, I am,

Cordially yours,

Walter Wyatt,
General Counsel.

FEDERAL RESERVE BANK
OF RICHMOND

July 9, 1931

Federal Reserve Board,
Washington, D. C.Attention: Mr. Walter Wyatt, General Counsel.

My dear Mr. Wyatt:

I am enclosing you herewith a copy of an opinion that I have given to Mr. Seay, the Governor of this bank, upon the subject of the decision of the Circuit Court of Appeals in this circuit in the case of Gamble v. Wimberly.

If the reasoning of the court in this case is carried to its logical conclusion it will probably involve considerable changes in the working arrangements which were agreed upon by Counsel for all Federal reserve banks and representatives of the Comptroller of the Currency at the joint conference held July 13th, 1925. You will see from my opinion that I am inclined to consider that the reasoning of this case is contrary to the previous decisions of the Supreme Court, and I attach to my opinion a memorandum of the previous federal decisions which were cited and relied upon by the court in rendering the opinion in the case under discussion.

I do not know just how far the office of the Comptroller will be disposed to extend the rule laid down in this case; but in certain correspondence which I have had with receivers it seems that the Comptroller may be disposed to consider that this case necessitates a material alteration in the principles upon which his office has previously acted.

You will notice that the case holds only that dividends cease when collections upon collateral and previous dividends equal to the amount of the proven claim without interest. There has been no decision that the lien upon collateral ceases before interest has been paid, and the case of Murrill v. National Bank of Jacksonville and other cases appear to be authority for the rule that collateral secures interest as much as principal. Upon the other hand, if the right to receive dividends ceases as soon as the principal is paid but the collateral then on hand may still be held for the interest, the decision results in making a distinction where there is no difference, for it means that collateral liquidated before a dividend tends to reduce the amount of dividends paid to the creditor, but if the creditor does not liquidate his collateral until after the dividends he may get the full dividends and then collect accrued interest out of the collateral.

In a proposed settlement which was submitted to me by a receiver

Mr. Walter Wyatt,
Federal Reserve Board,
Washington, D. C.

July 9, 1931

I notice that the receiver had apparently assumed that all collateral and all payments received from makers of rediscounted notes should be added together and when the Federal reserve bank had received from any source a sum equal to its original claim without interest this right to dividends ceases. Payments made by makers are, of course, not made from assets of the insolvent bank's estate and the ordinary rule is well established that a payment by a maker of a note is first applicable to a reduction of accrued interest and afterwards to the reduction of the principal. I can see no reason why the fact that the endorser of a note becomes insolvent should alter the rule as to application of payments by the maker and I can see nothing in the decision of the Circuit Court of Appeals which shows that the court would of necessity adopt such a conclusion, although I admit that a line of reasoning similar to that which the court adopted with respect to the application of the proceeds of collateral might well lead to the adoption of a similar rule reversing the usual rule concerning the application of payments made by parties to the obligation.

The proposed settlement to which I alluded also appeared to have been prepared upon the theory that the proceeds of stock held by the insolvent bank in a Federal reserve bank would of necessity be applied just as money realized from collateral. We, of course, have heretofore been so handling the surrender value of the stock because it was a convenient way of keeping the account and did not affect the ultimate rights of the parties. It does not appear to me that it necessarily follows that the surrender value of the stock is for all purposes analogous to collateral pledged, because the acts seem to contemplate that the surrender value of the stock shall not be applied except in the final closing of the account, which would of necessity mean the payment of interest upon any past due obligation.

It has also been the practice of the Comptroller's Office in closing the books of a failed bank before paying a final dividend to distribute the collections made upon collateral pro rata to each rediscount. This, of course, was immaterial as long as collections made upon collateral did not affect our right to dividends until each note was paid in full, but if the distribution of the proceeds of collateral is to affect the rights of dividends on a particular note, it is obvious that in some instances it will be much more advantageous to the Federal reserve banks to apply the proceeds of collateral to some note upon which the makers have made no payments and upon which the balance due upon principal exceeds any dividend which will be paid rather than to distribute collateral upon certain notes upon which large part payments have been made by makers, so that the payments from the makers plus the distribution of collateral will exceed the principal amount due on the note. It seems to me that the holder of the collateral is clearly entitled to apply it upon any obligation selected by him and cannot be compelled to prorate it among all obligations.

There may be other questions which will arise, and the above

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Mr. Walter Wyatt,
Federal Reserve Board,
Washington, D. C.

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July 9, 1931

propositions represent only my tentative opinion. I have not as yet made a full study of any of the questions other than the single one considered in the case of Gamble v. Wimberly. It occurred to me, however, that your office and perhaps Counsel for the other Federal reserve banks might be interested in the probable effect of this decision and I therefore send you a copy of my opinion of July 1st and the memorandum of cases.

With kindest regards, I am,

Very truly yours,

(S)

M. G. Wallace,
Counsel.

MGW R

C O P Y

X-7004-b

FEDERAL RESERVE BANK OF RICHMOND

July 1, 1931

Mr. George J. Seay, Governor.
M. G. Wallace, Counsel.

Decision of the Case of Gamble
v. Wimberly Relating to the Compu-
tation of Interest on Claims Against
Insolvent Banks.

My dear Mr. Seay:

I wish to call your attention to an opinion in the case entitled Gamble v. Wimberly, decided by the Circuit Court of Appeals for the Fourth Circuit October 21, 1930, and reported in 44 Federal Reporter (2nd) 329, which may necessitate some change in the computation of interest in our settlements with failed banks upon claims for which we hold security.

As you know, there are two distinct rules adopted in different jurisdictions concerning the basis upon which dividends should be paid to creditors of an insolvent who hold security for their debts. One rule is generally called the English chancery rule and under it a creditor proves a claim for the amount of his debt as it existed at the time of bankruptcy or insolvency, making due allowance for interest accruing prior to insolvency or for rebate of interest on claims not due. The creditor then receives dividends on his claim until the amount of dividends and the amount realized from collateral equal to the amount of the claim.

The second rule is commonly referred to as the bankruptcy rule and under it a creditor is obliged to liquidate his collateral and credit the amount realized from it before proving a claim, or else to appraise his collateral and credit its estimated value. The creditor then receives dividends only upon the net amount due after due allowance is made for the value of the collateral.

There are certain minor variations in the application of these rules so that it is often said that there are four distinct rules, but I mention them as two because the two distinct rules present the only points of difference with which we are concerned at this time.

Some years ago at a conference between representatives of the Comptroller of the Currency and representatives of Federal reserve banks it was generally agreed that the English chancery rule was the proper rule to apply in claims against insolvent national banks. This conclusion seemed to be in accordance with several decisions of the Supreme Court of the United States. You will readily observe that in the application of this rule at any time after insolvency a statement of the amount due on the preferred claim will always involve two distinct amounts. For the purpose of determining the amount of dividends payable the fixed sum due as of the date of insolvency is always the unchanging basis. To determine the entire amount due the creditor interest must be accrued on the claim to the date at which a settlement is contemplated. The Supreme Court held that as

FEDERAL RESERVE BANK OF RICHMOND

July 1, 1931

Decision of the Case of Gamble v.
Wimberly Relating to the Computation
of Interest on Claims Against Insolvent
Banks.

Mr. George J. Seay, Governor.

M. G. Wallace, Counsel.

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long as the claim remained unpaid the creditor was entitled to dividends on the original amount of the claim irrespective of collections on collateral until the claim was paid.

We and representatives of the Comptroller of the Currency have until now both assumed that the claim was not paid until the entire amount due the creditor had been received by him; that is to say, that the creditor was entitled to treat dividends merely as part payments and to credit them along with receipts from collateral until receipts from both sources applied as part payment equalled to the amount of the claim and accrued interest.

In the decision to which I allude the Circuit Court of Appeals has held that this is not true, but that when the creditor has received from dividends and from the principal or corpus of his collateral an amount equal to the proven claim the right to receive dividends ceases, or, putting the matter in a slightly different way, the court has held that receipts from the corpus of collateral cannot be applied to accrued interest on the debt.

The case to which I refer arose as follows: The Commercial National Bank of Wilmington failed, owing to the First National Bank of Rocky Mount a note of \$25,000.00 secured by certain customers' notes of the Commercial National Bank of Wilmington. The First National Bank of Rocky Mount had on deposit in the Wilmington bank the sum of \$3,402.90. After the failure the First National Bank of Rocky Mount consolidated with another bank and the claim against the Commercial National Bank of Wilmington was transferred to a liquidating trustee. The trustee proved a claim upon the note and the deposit balance mentioned above and collected in the process of time from the collateral in his hands the sum of \$23,331.30. Dividends were paid to the trustee aggregating \$4,260.44. The trustee applied the proceeds from collateral first to extinguish accrued interest on the note, for which it was pledged, and the balance to reduce the principal on the note and applied the dividends to reduce the principal. The accrued interest amounted to \$2,372.89. When the time for a final dividend came the trustee contended that there was due to him the sum of \$3,184.05, which the final dividend would have been sufficient to pay in full. The Receiver of the Wilmington bank contended that the amount due was only \$311.16; that is to say, that so far as the payment of dividends was concerned the claim was discharged when the payments received equalled to the dividend basis and that accrued interest could not be taken into consideration. The District Court sustained the contention of the trustee and the case was taken to the Circuit Court of Appeals. Judge Coleman in the opinion cited above reversed the District Court, stating the question as follows:

FEDERAL RESERVE BANK OF RICHMOND

July 1, 1931

Mr. George J. Seay, Governor.

M. G. Wallace, Counsel.

Decision of the Case of Gamble
v. Wimberly Relating to the Compu-
tation of Interest on Claims Against
Insolvent Banks.

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"Summarized, the question presented for our decision is whether a creditor of an insolvent national bank may be permitted to apply collections from collateral security which he holds to the liquidation of interest accruing upon his claim subsequent to the bank's insolvency, before applying such collections to the reduction of the principal of his claim."

After reviewing nearly all of the previous decisions of the federal courts upon the subject the opinion states the conclusion of the court as follows:

"Summarizing our conclusions, we find that whereas the judgment of the lower court was correct in so far as it required the receiver to pay dividends ratably to the trustee based upon the latter's original claim, it was nevertheless, in error in permitting the trustee to apply collections from collateral to the liquidation of interest, as the trustee did and thereby increase the amount still unpaid, of his original claim by the amount of interest so liquidated. Although not required to do so, the trustee having in fact sold the collateral, the total of all dividends paid and anticipated being much less than the full amount of his claim, he should apply in further liquidation thereof, not merely the balance of the proceeds realized from the collateral (as he has voluntarily done), but the total amount of such proceeds less only any interest and dividends that may have accrued upon the collateral itself since the date of the Wilmington bank's insolvency."

The opinion contains certain expressions from which it might be argued that the court intended to hold that when the creditor had collected an amount equal to the proven claim the entire claim of the creditor was discharged and he would not only receive no further dividends, but would be compelled to surrender his collateral. These expressions appear to arise chiefly from the fact that the Circuit Court of Appeals refers to decisions of the Supreme Court of the United States, saying that the creditor is entitled to receive dividends until such dividends and the proceeds of the collateral equal to the claim. I, myself, am inclined to think that the Supreme Court of the United States intended to say that the creditor could receive dividends and hold the proceeds of collateral until the entire debt was discharged, and the Circuit Court of Appeals has in reality restricted the effect of previous decisions of the Supreme Court. Therefore,

FEDERAL RESERVE BANK OF RICHMOND

July 1, 1931.

Mr. George J. Seay, Governor.

M. G. Wallace, Counsel.

Decision of the Case of Gamble
v. Wimberly Relating to the Compu-
tation of Interest on Claims
Against Insolvent Banks.

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in my own opinion the decision of the Circuit Court of Appeals is probably unsound, but since the jurisdiction of the Circuit Court of Appeals of the Fourth Circuit includes all of the states of the Fifth Federal Reserve District, its decision must be accepted as law as far as we are concerned until the question is otherwise decided by the Supreme Court of the United States, and, as I say, the precise question has never been considered by the Supreme Court of the United States.

If this decision means that our lien upon our collateral ceases when we have received an amount equal to the claim as it existed at the date of insolvency, the decision would be a most important one; but, as I say, while the reasoning of the court appears to point to such a conclusion, the court has not taken its reasoning to that extent, and I think that in a subsequent case the court would be fully as likely to modify or limit its previous decision as it would to carry the reasoning of that opinion further.

I discussed this case informally with representatives of the Comptroller. They then informed me that they did not intend to take the position that our lien upon our collateral ceased before we had received payment of accrued interest, but merely that no dividends would be paid to us after we had received an amount equal to the dividend basis and that thereafter we would be left to our collateral to secure our accrued and accruing interest. This conclusion is illogical because it amounts in effect to saying that the proceeds of collateral may be applied to accrued interest if the proceeds are received after the estate is closed but may not be so applied if received before the estate is closed; but, as I stated above, this seeming inconsistency is apparently inherent in the distinction which the court made.

While the statements of the representatives of the Comptroller would not bind them in any way, as they were made in a merely informal discussion of the case and at a time when neither they nor I had had an opportunity to study it carefully, I am inclined to think that they intend to adopt the policy outlined above, at least until some further judicial decision is made.

It is, of course, not necessary to say that this opinion effects all Federal reserve banks, as well as this bank, and if, indeed, there is any thought of challenging the soundness of the opinion, it will be better for

X-7004-b

FEDERAL RESERVE BANK OF RICHMOND

July 1, 1931

Mr. George J. Seay, Governor.

M. G. Wallace, Counsel.

Decision of the Case of
Gamble v. Wimberly Relating to
the Computation of Interest on
Claims Against Insolvent Banks.

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the question to be raised by some other Federal reserve bank as it would naturally be easier to secure an opinion from the Circuit Court of Appeals of some other circuit different from the opinion of the Circuit Court of Appeals of this circuit than it would be to induce the Circuit Court of Appeals of this circuit to reverse itself.

Accepting the opinion as the law for the time being, there are two points under it which we should consider: First, while the court holds that the proceeds from the corpus of collateral may not be applied to interest accruing after insolvency, it holds that interest on collateral may be so applied. We should therefore keep any interest received on collateral separate from the corpus or payments on principal or collateral and in a settlement with the receiver show only collections on principal or the corpus of collateral.

Second, in the case above quoted there was only one claim and consequently no doubt as to the application of collateral. In most cases in which we are concerned there are many claims and the collateral is held for all of the claims without distinction as to the particular claim. In some correspondence that I have had with one receiver he is inclined to the view that we are obliged to prorate collateral equally among all claims. I am inclined to think that we could apply collateral to any claim or claims which we preferred, as we do reserve balances, and so apply it upon notes which no payments had been made by the makers, and upon which, therefore, the balance due would exceed the dividends to be paid and the collateral to be applied.

It is probable that the rule as adopted by the Circuit Court of Appeals will not make any great difference in our settlements as far as the amounts received are concerned as it can operate only in those few cases in which a dividend would be sufficient with the application of collateral to pay the amount for which we had proved a claim but not sufficient to pay the claim and accrued interest.

Very truly yours,

M. G. Wallace,
Counsel.

MGW R

C O P Y

X-7004-c

MEMORANDUM UPON THE DECISION OF THE CIRCUIT COURT OF APPEALS
FOR THE FOURTH CIRCUIT OCTOBER 21, 1930, DELIVERED IN 44
FEDERAL REPORTER (2nd) 329.

The court in the case cited holds in substance that a secured creditor of a national bank may prove a claim for the present value of his debt determined at the time of insolvency and receive dividends on the amount so proven until the amount of dividends and the amount realized from the corpus of collateral held equal to the proven claim, at which time the right to receive further dividends ceases. The opinion does not decide whether or not the lien upon the collateral simultaneously ceases, but it is expressly stated that interest accruing upon securities held as collateral is applicable in partial payment of interest accruing upon the secured debt. In the course of its opinion the court cites and relies upon the following previous decisions of federal courts:

Story v. Livingston,
U. S. Sup. Ct. 1839, 13 Peters 359, 10 L. Ed. 200.

This was a bill filed for an accounting under Louisiana law against a defendant who seems to have been regarded as in a position analogous to that of a mortgagee in possession, and the opinion delivered by Justice Wayne holds, among other things, that rents on the mortgaged property are applicable to reduce as part payments upon interest accruing on the mortgage debt during suit. It appeared, however, that the rents were more than sufficient to discharge the accrued interest and a portion of the rents were therefore applicable to the reduction of the principal.

National Bank of the Commonwealth v. Mechanics National Bank,
U. S. Sup. Ct. 1876, 94 U.S. 437, 24 L. Ed. 176.

This case holds that depositors in national banks are entitled to interest from the date of suspension on claims proven. It seems, however, that the assets were sufficient to pay all claims in full. The opinion, however, quotes with approval Lord Mansfield in Robinson v. Bland, 2 Burr. 1087, as follows:

"The interest is an accessory to the principal, and the plaintiff cannot bring a new action for any interest grown due between the commencement of his action and the judgment in it. I don't know of any court in any country (and I have looked into the matter) which don't carry interest down to the last act by which the sum is liquidated."

Cook County National Bank v. United States,
U. S. Sup. Ct. 1882, 107 U. S. 445, 2 Sup. Ct. 561, 27 L. Ed. 534.

This case involved the right of a national bank to apply a surplus

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from the sale of bonds to the payment of Government deposits. It was held that the United States was not a preferred creditor and the court does not appear to have considered with any particular care any question involving interest.

White v. Knox,
U. S. Sup. Ct. 1884, 111 U. S. 784, 28 L. Ed. 603.

This case holds that interest accruing after suspension cannot be added to a claim against an insolvent national bank for the purpose of determining the amount upon which dividends are payable.

Armstrong v. American Exchange Bank,
U. S. Sup. Ct. , 133 U. S. 433, 10 Sup. Ct. 450.

The primary question in this case was as to the validity of a draft issued in an unlawful transaction, but the court held that dividends which should have been paid to claimant but were withheld during the litigation should bear interest from the date that such dividends were paid to other creditors as this was necessary to place the creditor whose dividends had not been paid upon equality with other creditors.

Richmond & I. Construction Co. v. Richmond N. I. & B. Railway Co.,
Circuit Court of Appeals for Sixth Circuit, 68 Fed. 105, 34 L.R.A. 625.

This case was decided by Judges Taft, Lurton and Severens, and held that interest on a lien claim is payable to the claimant before anything is payable to general creditors or upon subsequent liens.

Murrill v. National Bank of Jacksonville,
U. S. Sup. Ct. Feb. 20, 1899, 173 U. S. 131, 19 Sup. Ct. 390,
43 L. Ed. 640.

The First National Bank of Paluka, Fla., was indebted to National Bank of Jacksonville in the sum of \$6,010.47 on sundry drafts and in the sum of \$10,093.34 upon a note for \$10,000.00 and interest (probably to date of suspension). This note was secured by customers' notes of the Paluka bank aggregating \$10,896.22. The First National Bank of Paluka was closed and a receiver appointed and the Jacksonville bank offered to prove a claim for the above amounts. The Comptroller of the Currency ruled that the amount collected on collateral must be credited before dividends were computed. The court says in an opinion by Chief Justice Fuller (173 U. S. 135) that there are four rules for computing dividends to creditors of insolvent estates:

"Rule 1. The creditor desiring to participate in the fund is required first to exhaust his security and credit the proceeds on his claim, or to credit its value upon his claim and prove for the balance; it being optional with him to surrender his security and prove for his full claim.

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"Rule 2. The creditor can prove for the full amount, but shall receive dividends only on the amount due him at the time of distribution of the fund, that is he is required to credit on his claim, as proved, all sums received from his security, and may receive dividends only on the balance due him.

"Rule 3. The creditor shall be allowed to prove for and receive dividends upon, the amount due him at the time of proving or sending in his claim to the official liquidator, being required to credit as payments all sums received from his security prior thereto.

"Rule 4. The creditor can prove for and receive dividends upon, the full amount of his claim, regardless of any sums received from his collateral after the transfer of the assets from the debtor in insolvency, provided he shall not receive more than the full amount due him."

The court adopts the fourth rule, saying: (173 U.S. 141);

"We think the collateral is security for the whole debt and every part of it, and is to any balance that remains after payment from other sources as to the original amount due".

Justices White, Harlan and McKenna dissented, in an elaborate opinion by Justice White advocating the adoption of the first rule. Justice Gray filed a separate opinion sustaining the dissent but advancing somewhat different grounds.

Aldrich v. Chemical National Bank, U. S. Sup. Ct. March 5, 1900.
176 U. S. 618, 20 Sup. Ct. 498, 44 L. Ed. 611.

The Chemical National Bank discounted a certificate of deposit issued by Fidelity National Bank secured by certain notes. The chief question was with respect to the validity of the certificate, which was fraudulently issued by a Vice-President of the Fidelity National Bank for his own personal purposes.

The court held the certificate enforceable. A claim was also made that the certificate should be credited with the sum of \$25,000.00 because the Chemical National Bank had released the endorser of a note for that amount held as collateral by failing to give notice of dishonor. In an opinion by Mr. Justice Harlan the court quotes with approval the opinion of the Circuit Court of Appeals for the Sixth Circuit decided by Judges Brown, Taft and Luxton, the opinion being written by Judge Taft (59 Fed. 372), as follows:

"Our conclusion upon this main question in the case makes it unnecessary for us to consider the other questions discussed by counsel, which were material only in view of the position taken by the court below on the issue just considered. If the Chemical Bank should receive from dividends and collections payment of debt principal and interest now

- 4 -

owing to it by the Fidelity Bank the question would arise whether it could not properly be charged with the note for \$25,000.00, which, through negligence, it failed to collect. It is quite clear, however, that dividends declared and to be declared, together with all collections from collaterals including such as the note just referred to will fall short of paying the \$300,000.00 and interest due the Chemical Bank on the original debt. The question suggested, therefore, does not arise on the facts of the case."

The opinion of the Circuit Court of Appeals also affirms the rule as to interest upon dividends which are not promptly paid.

Sexton v. Dreyfus,
U. S. Sup. Ct. Jan. 23, 1911, 219 U. S. 339, 31 Sup. Ct. 256, 55 L. Ed. 244.

Secured creditors sold collateral sometime after bankruptcy and offered to prove claims after applying the proceeds of collateral to accrued interest and then to principal. It was held that the proceeds of collateral must be applied to reduce the principal as the amount of the debt provable was determined at the time of bankruptcy, except the interest received on collateral after bankruptcy might be applied to reduce interest on principal. In the opinion by Justice Holmes it is said that the delay in selling the collateral benefitted the secured creditors. There is no discussion as to the effect of a fluctuation in the value of the collateral; that is to say, no discussion as to whether an enhancement in the value of the collateral after bankruptcy would be treated as income from collateral or merely as a part of the value of the corpus. This case arose from bankruptcy proceeding and applies the bankruptcy rule, although the court states that its conclusions find some support in the decisions applicable to the liquidation of national banks.

American Iron and Steel Mfg. Co. v. Seaboard Air Line Ry.,
U. S. Sup. Ct. April 6, 1914, 233 U. S. 263, 34 Sup. Ct. 502,
58 L. Ed. 949.

Dividends on a claim bearing interest should be paid on the amount of the debt with interest to the date on which the receiver was appointed, but interest is payable to all creditors if the estate is sufficient. The claim under consideration was a claim for supplies and therefore by statute a preferred claim, but the estate was returned to the defendant railway company and apparently all creditors were paid in full.

Washington - Alaska Bank v. Dexter Horton National Bank,
263 Fed. 304, C.C.A. 9th Feb. 24, 1920,

Dexter Horton National Bank preferred a claim against the Washington-Alaska Bank in insolvency proceedings. The last mentioned bank had been organized under the laws of Nevada, but was authorized to engage in business and had engaged in business in Alaska. The claim was for \$129,465.62, for which the Dexter Horton Bank held as security certain gold mining stock.

Dividends amounting to 50% were paid to other creditors but none to the Dexter Horton National Bank. Then the receiver and the Dexter Horton National Bank made an agreement stipulating that \$25,000.00 was to be paid to the Dexter Horton National Bank on account of dividends and the Dexter Horton National Bank agreed not to sell the collateral before December 1, 1912, and not before June 1, 1913, if the balance due it as dividends were paid. No further dividends were paid and the Dexter Horton National Bank in a foreclosure suit in a state court sold the collateral for \$100,000.00, and after crediting this amount and the \$25,000.00 received on account of dividends and adding interest (apparently on the whole claim), presented a claim for \$27,248.76 and filed a suit in the federal court asking that the receiver be required to pay it in full. The lower court directed the receiver to pay the amount in full. On appeal this was sustained in a decision by Judges Gilbert, Ross and Hunt. The opinion deals chiefly with the applicability of a statute in Nevada, under the laws of which state the insolvent bank was organized. This statute was held inapplicable as the insolvent bank was authorized to do business and was doing business in Alaska, but Judge Ross dissented on this point. The opinion rests in some measure on the contract, but delivering the opinion of the court Judge Gilbert says:

"A pledge which secures an interest-bearing debt secures the interest as much as the principal of the debt."

This case would apparently be directly in conflict with the case under consideration if it were not for the stipulation made between the receiver and the secured creditor before the collateral was sold, but the court does not apparently consider that the stipulation did more than acknowledge rights existing under the federal rules when the stipulation was made.

Ohio Savings Bank and Trust Co. v. Willys Corporation,
C.C.A. 2nd June 8, 1928, 8 Fed. (2nd) 463, 44 A.L.R. 1162.

This case holds that if an insolvent estate is able to pay all claims in full, including interest, dividends are to be credited as part payments on the claim, first applied to interest due when the dividends are paid and then to the reduction of principal. In other words, dividends are credited merely as part payments by a solvent person would be credited.

CONCLUSION

The difficulty of the question involved in the case under consideration appears to lie in the fact that under the so-called English chancery rule referred to in Murrill v. National Bank of Jacksonville as Rule 4, there are always two distinct aspects to a secured creditor's claim: one a provable amount determined as of the date of insolvency, the other the amount due with interest which would be payable in the absence of insolvency.

The secured creditor has also two distinct sources of payment, dividends reckoned always on the basis of the provable claim and the proceeds

of collateral which it seems under the decisions of the Supreme Court cited above are applicable either to principal or interest. The question involved is whether or not the claim of the secured creditor is discharged when he has received from his two sources a sum equal to the proven claim without the addition of interest or whether his claim is not discharged until he has received from the two sources a sum equivalent to his debt with interest, applying dividends and collections on collateral as part payments upon this debt.

There are three possible views:

1. The secured creditor is entitled to apply dividends and the proceeds of collateral merely as part payments and to receive dividends until his entire debt is discharged.
2. That he is entitled to receive dividends and the proceeds of collateral until the amount of the provable debt is paid, at which time his rights to dividends cease but he continues to have a lien upon collateral until the original debt and interest is paid.
3. That he can only receive dividends and apply the proceeds of collateral until an amount equal to the proven claim is paid, at which time his claim is discharged and dividends cease and the collateral must likewise be surrendered.

The first view appears to me to be in accord with the previous decisions of the Supreme Court, as in all of those decisions it is stated that the creditor has the right to receive dividends until his debt is paid and it is also stated that interest is an integral part of the debt. In no case does the Supreme Court suggest that the right to receive dividends and the lien upon the collateral do not end simultaneously.

The Circuit Court of Appeals has adopted the second view. I have found no decision that appears to have discussed the exact distinction made by the Circuit Court of Appeals as to the time at which dividends cease. There are expressions in the opinion of the Circuit Court of Appeals which tend to indicate that it would follow its conclusions to the point of adopting the third view, for there is no indication in the opinion of the court that, although the secured creditor would receive no further dividends, he still has a lien on the collateral. To carry this line of reasoning, however, to its logical conclusion would be in effect to deny the previous statements of the Supreme Court, saying that collateral is pledged for the entire debt and is not released until every part of the debt is paid, and in effect to declare that a creditor holding a debt amply secured by collateral lost his right to charge interest if the debtor became insolvent.

On the other hand, to adhere to the second and intermediate view is to reach the somewhat startling conclusion that the creditor who sells his collateral before his dividend is paid cannot hold the proceeds for interest accruing up to the time of sales but if he first receives dividends,

- 7 -

and after the insolvent estate is closed he may apply the proceeds of collateral to the payment of interest on the whole claim.

While it appears to me that to follow the reasoning of the Circuit Court of Appeals to its logical conclusion would result in the adoption of the third view it also appears to me that to carry its reasoning to this logical conclusion would render self-evident the fact that the reasoning of the Circuit Court of Appeals is divergent from the reasoning of the Supreme Court in the cases cited. It therefore appears to me that the decision of the Circuit Court of Appeals is unsound.

For practical purposes the rule announced in this case will not seriously affect Federal reserve banks, as it will operate only in cases in which dividends and collateral would be claims in full, but collateral and dividends up to the time at which payment of an amount equal to the proven claim and subsequent collections on collateral would not pay claims in full.

The decision, however, introduces several accounting questions: First, in that it will require a separate account for sums realized by collecting interest on collateral and sums realized by a sale or collection of the corpus of the collateral itself; and also opens the question that when collateral is pledged for many claims the creditor may allocate it to any claim which he sees fit or must prorate it equally upon all claims. The first view seems proper under the rule of bankruptcy which permits a creditor holding security for a non-provable debt and a provable debt to apply all the security upon the non-provable debt if he so desires.

The statement of the court that interest from collateral may be applied to interest on the claim is another evidence of the inconsistency of the court's reasoning since of necessity it would create a distinction between the type of collateral from which income is received by visible and readily computable payments of interest and the type of collateral in which income is received, if at all, by enhancement of the corpus.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7005

October 28, 1931.

SUBJECT: Change in Inter-District Time Schedule.

Dear Sir:

Upon agreement between the Federal Reserve Banks of Richmond and Boston, the Federal Reserve Board has approved a change in the inter-district time schedule of availability items from Baltimore to Boston from two days to one day.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7006

October 28, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCOAL" has been designated to cover a new issue of Treasury Bills, dated November 2, 1931, and maturing February 1, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCITED" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7008

November 6, 1931.

SUBJECT: Legal and Practical Problems arising
Under the Bank Collection Code.

Dear Sir :

On April 1, 1931, I sent you copies of correspondence (X-6851) between Mr. Walter S. Logan, Deputy Governor and General Counsel of the Federal Reserve Bank of New York, and the undersigned with reference to the above subject and on June 11, 1931, I sent you copies of letters (X-6910) written by Counsel of the various Federal reserve banks on the same subject. On July 24, 1931, I sent you copies of an opinion of the Supreme Court of New York in the case of In re Jayne & Mason, Private Bankers, and a copy of Mr. Logan's memorandum of authorities in that case, which also dealt with the Bank Collection Code.

I now enclose for your information copies of the following correspondence on the same subject:

1. Undated memorandum addressed to me by Mr. F. G. Awalt, Deputy Comptroller of the Currency, enclosing copies of telegraphic correspondence dated May 27 to June 5, 1931, inclusive, between him and the Federal Reserve Bank of San Fran-

- 2 -

cisco with reference to the applicability of the bank collection code to checks drawn on insolvent national banks.

2. Letter with enclosures addressed to me under date of June 11, 1931, by Mr. Walter S. Logan, Deputy Governor and General Counsel of the Federal Reserve Bank of New York.

3. Letter addressed to me under date of June 15, 1931, by Mr. Albert C. Agnew, Counsel to the Federal Reserve Bank of San Francisco.

4. Letter addressed to me by Mr. M. G. Wallace, Counsel to the Federal Reserve Bank of Richmond, June 17, 1931, enclosing copy of a letter addressed to Mr. Logan on the same date with reference to a recent decision of the Supreme Court of South Carolina in the case of Ex Parte Wachovia Bank and Trust Company 158 S. E. 214.

5. Letter addressed to me by Mr. M. G. Wallace, Counsel to the Federal Reserve Bank of Richmond, of July 17, 1931, enclosing copy of a memorandum to the Executive Committee of the Federal Reserve Bank of Richmond re method to be used when checks sent to a national bank are charged to the drawers but remittance is not received by the Federal Reserve Bank.

6. Letter addressed to me by Mr. Walter S. Logan, September 30, 1931, enclosing a copy of a letter addressed to the Comptroller of the Currency re Checks on Insolvent National Banks treated as dishonored under Section 11 of the Bank Collection Code.

7. Letter addressed to me by Mr. Logan, October 6, 1931,

- 3 -

enclosing copy of letter to the Comptroller of the Currency re Checks on Peoples National Bank of Pulaski, New York.

I regret exceedingly that the great pressure of matters upon which it has been necessary for me to advise the Federal Reserve Board has made it impossible for me to give this subject sufficient study to enable me to answer the above letters in detail, and I fear that it will be impossible for me to give this subject the study which it deserves at any time in the near future. The subject is one of such interest and importance to all Federal reserve banks, however, that I feel that I should not delay longer in transmitting to Counsel for all the Federal reserve banks the information and views contained in the attached correspondence, in the belief that an interchange of views on this subject between the Counsel for the various Federal reserve banks would be helpful.

If Counsel for any Federal reserve bank sends me an expression of his views on any of the questions discussed in the enclosed correspondence, I shall send copies to Counsel for all of the other Federal reserve banks for their information as promptly as possible, without waiting until I have an opportunity to discuss the subject, in order that an interchange of views between Counsel for all of the Federal reserve banks may proceed without further delay.

I understand that the Comptroller of the Currency still has under advisement the question presented in Mr. Logan's letter of September 30th, 1931; but, as soon as he takes a definite position

- 4 -

in the matter, I shall advise Counsel for all Federal reserve banks.

I hope that Counsel for each of the Federal reserve banks who has written to me on this subject will consider this communication an acknowledgment of his letter, and will excuse my failure to acknowledge it more promptly, and to discuss the questions which he has raised. Whenever I can find time to do so, I shall study this subject carefully and attempt to answer each of these letters in detail; but, from the present outlook, I fear that it will be many months before I can find such an opportunity.

It has occurred to me that it might be advisable to arrange for a conference of counsel for all Federal reserve banks to discuss this subject; but the counsel with whom I have discussed the matter seem to feel that this problem has not developed to such a point that a conference would be very profitable. Moreover, the present conditions are such that it might be difficult for Counsel to spare the time to come to Washington for a conference. If Counsel for a number of the Federal reserve banks feel that such a conference should be arranged, however, I shall be glad to do everything in my power to arrange it.

Very truly yours,

Walter Wyatt,
General Counsel.

TO COUNSEL FOR ALL FEDERAL RESERVE BANKS.

C O P Y

X-7008-a

TREASURY DEPARTMENT

WASHINGTON

COMPTROLLER OF THE CURRENCY

Memorandum for Mr. Wyatt,
Counsel, Federal Reserve Board.

Pursuant to your request there are attached hereto copies of the communications between this office and the Federal Reserve Bank of San Francisco concerning the application of certain provisions of the Uniform Collection Code to checks sent the Farmers National Bank of Pomeroy, Washington, for collection and remittances, the insolvent bank's remittances therefor having failed to clear prior to its suspension.

(Signed) F. G. A.

F. G. AWALT
Deputy Comptroller.

Enc.

C O P Y

X-7008-a-1

C O P Y

Sanfrancisco 1037 May 27

Comptroller of the Currency
Washington

Farmers national bank Pomeroy Washm closed May 16th. On May 13th and 14th our cash letters of these dates were forwarded aggregating \$4,548.16 for which on May 16th we received two drafts of closed bank drawn on its correspondent first national trust and savings bank spokane. These were presented May 16th and payment refused account bank closed. Washington adopted American bankers association uniform collection code 1929. See chapter 203 laws of Washington 1929 under the provisions thereof the assets of the payer bank are impressed with a trust in favor of the owners of the items included in the cash letter irrespective of whether the fund representing such items can be traced into and identified as part of the assets of the closed bank. Attorneys for one of the banks for which we handled items and to which we have charged back the items embraced in the unpaid drafts without the return of the items themselves have advised their client that collection code applies to national banks and that owners are entitled to preference. This situation is similar to that which recently arose in connection with federal reserve Newyork except that in that case the collecting bank elected to Treat the items as dishonored under another section of the code and reclaimed the same with the consent of your office. See letter awalt to Logan april 15, 1931 re first national bank Macedon. Kindly advise by wire as to your opinion regarding the applicability of the preference section of the code to national banks doing business in washington.

Hale, Federal reserve bank Sanfrancisco

C O P Y

X-7008-a-2

C O P Y

May 28, 1931.

Federal Reserve Bank,
San Francisco, California.

Your telegram 27th. National Bank Act provides for winding up affairs of an insolvent National Bank as in a code by itself. Uniform Collection Code and all other State statutes wholly inapplicable to insolvent National Banks where they conflict with the mandate of Congress requiring pro rata distribution of bank's assets among all creditors. Cook County National Bank v. United States 107 U. S. 445; Davis v. Elmira Savings Bank 161 U. S. 275; Easton v. Iowa 188 U. S. 220. To establish a preferred claim against Pome-roy no augmentation and tracing possible. Unless all three essentials are affirmatively established to Comptroller's satisfaction without reference to the Uniform Collection Code Receiver will vigorously defend suite to establish same in Federal Court which has cognizance independent of amount involved, hence Federal rule controlling. Macedon case you refer to did not involve preferred claim. The following cases discuss controlling preferred claim principles. Empire State Surety Co. v. Carroll County 194 Fed. 593; Studebaker Corp. v. Bank 10 Fed. (2nd) 590; Larabee Mills v. Bank 13 Fed. (2nd) 330, certiorari denied 273 U. S. 727; Farmers National Bank v. Prible 15 Fed. (2nd) 175; Ellerbe v. Studebaker Corp. 21 Fed. (2nd) 993; Burns National Bank v. Spurway 28 Fed. (2nd) 40.

F. G. AWALT
Deputy Comptroller.

C O P Y

X-7008-a-3

C O P Y

Sanfrancisco 239p June 2

Comptroller of the Currency
Washington

Re Farmers National Bank Pomeroy Washington See our telegram May 27th and your reply May 28th relative to claim for preference on items embraced within unpaid remittance draft involved in our cash letters of May 13th and 14th. In view of your refusal to grant preference as stated in your telegram of May 28th in behalf of our endorsers we hereby elect to treat the items embraced in our cash letters of May 13th and 14th agregating \$4,548.16 as dishonored by non payment and request the return of said items to us duly protested. This pursuant to the provisions of section 137 subdivision 2 chapter 203 laws of Washington 1929. We are advised by Eckerson examiner in charge of pomeroy bank that cancelled items are still in his possession and will be held pending drains arrival. We have made similar demand upon Eckerson who has suspended action until Drains arrival. Kindly acknowledge receipt of this telegram and advise us of your decision.

Hale F. R Bank of Sanfrancisco.

C O P Y

X-7008-a-4

C O P Y

June 4, 1931.

Federal Reserve Bank,
San Francisco, California.

Reference your telegram June 2nd advising of your election under the Washington statute to treat as dishonored items included in your cash letters dated May 13th and 14th to Farmers National Bank Pomeroy. As we understand it the Washington statute you refer to is intended to continue the liability of the drawers and indorsers independent of the item itself and without recourse on the failed bank under the circumstances here presented. Accordingly we fail to see why the Receiver is interested or has any duty to return the cancelled items although he has been instructed by telegraph to forward to you photostatic copies of the cancelled items unprotested for use as evidence. As we view it notice of your election to treat the items as dishonored should be directed not to the Receiver but to the drawers or indorsers based upon the photostatic copies such drawers or indorsers when making payment of the amounts of the items to thereby become owners of a proportionate share of the claim against the Receiver based upon the case letter remittances.

F. G. AWALT
Acting Comptroller.

C O P Y

X-7008-a-5

C O P Y

San Francisco June 4 504p

Awalt

Acting Comptroller Washington

Your wire today replying to ours of June second Farmers National Bank Pomeroy stop Washington Statute referred to is identical with section three fifty J of New York negotiable instruments law stop In this connection see your letter April fifteenth addressed to Logan general counsel Federal Reserve New York relative First National Bank Macedon stop the situation presented there and the one presented by our demand for the return of the items are identical except that we are demanding return of all items embraced in our cash letters May thirteenth and fourteenth instead of only one stop Return of items will not create any preference will leave assets of involvent bank in same condition as at present giving drawers of checks claims predicated upon deposits rather than payees thereof predicated upon unpaid remittance draft stop Notice of our election to treat items as dishonored is properly addressed to Receiver inasmuch as if items have not been returned to makers we are entitled to possession thereof duly protested as evidence of dishonor through nonpayment stop Ultimate liability will then rest upon drawees of items who are undoubtedly entitled to possession of unpaid checks stop The statute clearly contemplates that upon return of items as dishonored entries charging same to drawees accounts will be reversed and owners thereof restored to their original position stop Position taken your wire June fourth seems to us contrary to intent of statute and certainly contrary to position taken by you in Macedon case Kindly consider further and wire decision

Hale.

C O P Y

X-7008-a-6

C O P Y

June 5, 1931.

Federal Reserve Bank,
San Francisco, California.

Your telegram fourth. Macedon case was first presentation of this question and action taken therein was with express understanding it was not to be considered a precedent. Since that time the matter has been given further consideration and the position adopted outlined in our telegram of fourth. We believe this position sound from both an administrative and legal viewpoint. We deny that your bank is entitled to have the items protested or delivered and assert that the placing of the unprotested photostatic copies in your hands by the Receiver permits you to obtain for your customers all the relief the statute affords. Statute provides quote where the item is received by mail by a solvent drawee or payor bank it shall be deemed paid when the amount is finally charged to the account of the maker or drawer unquote. National banks become insolvent when their affairs are taken over by the Comptroller. The rights of all parties against such banks are fixed by suspension. Scott versus Armstrong one hundred forty six United States four hundred ninety nine. The state statute cannot change this rule and we do not believe it was intended to do so. Accordingly if as we understand was the case the items were charged to the Pomeroy depositors accounts and cancelled before the banks affairs were taken over by the Comptroller the Washington Statute not providing for protest by insolvent bank or return of the items the Receiver is without authority to reverse entries protest the items or deliver them to your bank.

F. G. AWALT,
Acting Comptroller.

FEDERAL RESERVE BANK
OF NEW YORK

June 11, 1931.

Walter Wyatt, Esq., General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Walter:

You will recall that some time ago I had some correspondence with you regarding the exercise of the election to treat items as dishonored, pursuant to Section 350-j of the Negotiable Instruments Law of New York (Section 11 of the Uniform Bank Collection Code), when a remittance draft received by a Federal Reserve Bank from a national bank is dishonored due to the closing of the national bank; and that in one instance this bank exercised that election, the office of the Comptroller of the Currency authorizing the return of the dishonored item but explaining in a letter to me, dated April 15, 1931, that this should not be regarded as a precedent in future cases.

We have been considering this subject since that time, and have about made up our minds that, if at some future time we should again find ourselves holding an unpaid remittance draft of a closed national bank in New York or New Jersey (in both of which states the Bank Collection Code has been adopted), we would ask our endorsing banks to instruct us whether or not to treat the items which we received from them as dishonored in accordance with this section. I am enclosing a memorandum, dated June 8, 1931, addressed by me to Mr. Sailer and Mr. Gilbert, which discusses the matter and to which are attached suggested forms of letters and debit advice. It occurs to me that these might be of some interest to you, and I shall of course be glad of any comments you may care to make regarding them.

I think the only legal question involved is whether, if the suggested program were followed, it might possibly be contended that the election to dishonor had not been "exercised with reasonable diligence". Personally, it seems to me that the collecting bank would be acting with "reasonable diligence" if it delayed the exercise of the election while it communicated with its endorsers for the purpose of obtaining instructions from them. The owners of the items and not the collecting bank are the interested parties and should have the opportunity to decide whether they prefer to preserve the liability of the makers of the checks or to have a claim against the closed bank, and I think a construction of the law which would necessarily deprive them of this opportunity would be unreasonable.

Yours faithfully,

(Signed) Walter S. Logan

Encls.

Walter S. Logan,
Deputy Governor and General Counsel.

C O P Y

X-7008-b-1

FEDERAL RESERVE BANK OF NEW YORK

OFFICE CORRESPONDENCE

DATE

June 8, 1931.

TO Mr. Sailer and Mr. Gilbert

FROM Walter S. Logan

When a national bank closes with its unpaid remittance draft in our possession the owners of the items covered by the remittance draft probably do not have preferred claims. Under the Bank Collection Code, however, we as the collecting bank apparently have the right to treat the items covered by the remittance draft as dishonored, the effect of which is that the owner's right of recourse is preserved and that the maker instead of the owner is the creditor of the closed bank. In most cases I assume that the owner would prefer to have his recourse against the maker preserved, rather than to have a claim against the closed bank which may not realize 100 cents on the dollar and payment of which will in any event be delayed. In some cases, however, the claim against the closed bank may be more valuable than recourse against the maker.

In view of these considerations we might -

(1) Ask our endorsing banks for instructions as to whether or not to treat their items as dishonored.

(2) Notify the Receiver or Examiner and the Comptroller of the Currency that we have asked for such instructions.

(3) Immediately upon receipt of instructions from endorsing banks give notice to the Receiver or Examiner and to the Comptroller of the Currency of election to treat particular items as dishonored.

(4) Communicate again with endorsing banks from which we do not receive prompt instructions, and possibly advise them that unless we receive instructions to the contrary we will on a specified date (say, one week after the closing) elect to treat their items as dishonored by giving appropriate notice to the Receiver or Examiner and to the Comptroller of the Currency.

The attached forms of debit advice and letter to endorsing banks, and letter to the Receiver or Examiner, might be used to carry out steps (1) and (2) of this procedure. What would you think of sending such debit advices and letters if another national bank should close with its unpaid remittance draft in our possession? The possible objection to this course, as I see it, is that it might be confusing to our endorsing banks and to the owners of the items; and that by raising the question we might make more work and trouble for ourselves and possibly increase the likelihood of controversies as to whether or not we have handled the matter properly.

Encls.

WSL:GSR

C O P Y

X-7008-b-2

FEDERAL RESERVE BANK
OF NEW YORK

D E B I T A D V I C E

BOOKKEEPING DIVISION
ADJUSTMENT SECTION

MAIL
TO

DATE

YOUR ACCOUNT HAS BEEN DEBITED today \$ _____ for an item of this amount drawn on _____ National Bank, _____, New York, included in your cash letter to us dated _____, totaling \$ _____, sheet \$ _____. We presented said item by mail to said bank in our cash letter dated _____ and received a draft of said bank on another bank in remittance for said item and other items included in our said cash letter, which draft was not paid in due course but was dishonored upon presentation for payment. We have been advised that said _____ National Bank, _____, New York, has been closed.

FEDERAL RESERVE BANK OF NEW YORK

BY _____

C O P Y

X-7008-b-3

Form of letter to endorsing banks

(Date)

(Name of bank)

(Address)

SUBJECT: Enclosed advice of debit of \$ _____

for items of \$ _____

drawn on Blankville National Bank & Trust Co., Blankville, N. Y., included in your cash letter to us

dated _____, totaling \$ _____, sheet \$ _____.

Gentlemen:

We enclose our advice of debit in the above amount made today to your account for items drawn on Blankville National Bank & Trust Co., Blankville, N. Y., and which became involved in the closing of that bank. We presented said items by mail to said bank in our cash letter dated _____ and received a draft of said bank on another bank in remittance for said items and other items included in our said cash letter, which draft was not paid in due course but was dishonored upon presentation for payment, due to the closing of said Blankville National Bank & Trust Co., Blankville, New York.

Section 350-j of the Negotiable Instruments Law of New York provides as follows:

"Sec. 350-j. Election to treat as dishonored items presented by mail. Where an item is duly presented by mail to the drawee or payor, whether or not the same has been charged to the account of the maker or drawer thereof or returned to such maker or drawer, the agent collecting bank so presenting may, at its election, exercised with reasonable diligence, treat such item as dishonored by nonpayment and recourse may be had upon prior parties thereto in any of the following cases:

(1) Where the check or draft of the drawee or payor bank upon another bank received in payment therefor shall not be paid in due course;

* * * * *

It is our opinion that this provision of law applies to items

- 2 -

drawn on national banks located in New York as well as to New York State banks and trust companies; and that under its terms we, as the agent collecting bank, may, by giving proper notice to said Blankville National Bank & Trust Company or to the Receiver or Examiner in charge thereof, elect to treat the items remitted for by said unpaid draft of said bank as dishonored by nonpayment; and that if said items are treated as dishonored pursuant to the terms of this provision the owners of said items will be entitled to have said items returned to them and will have recourse against the makers or drawers of said items but will have no claims against said Blankville National Bank & Trust Co., whereas if said items are not treated as dishonored the owners will have claims against said Blankville National Bank & Trust Co. for the amounts of the respective items but the liability of the makers or drawers on said items will be discharged.

Please instruct us whether or not to treat as dishonored the items above referred to, drawn on said Blankville National Bank & Trust Co., which we received from you. Such instructions should be forwarded to us just as soon as possible, as you will note that the election to treat items as dishonored pursuant to the above quoted provision should be "exercised with reasonable diligence."

Very truly yours,

Encl.

C O P Y

X-7008-b-4

To

_____ National Bank,
 _____, New York.

and

Receiver or Examiner in Charge,

_____ National Bank,
 _____, New York.

Gentlemen:

The draft of _____ National Bank, _____, New York, dated _____ drawn on _____, New York, N. Y., to the order of Federal Reserve Bank of New York for \$ _____, received by us in remittance for certain items drawn on said _____ National Bank, _____, New York, which we had presented to it by mail, was not paid in due course but was dishonored upon presentation for payment, due to the closing of _____ National Bank, _____, New York. We therefore charged the items, for which remittance was made by said draft, back to the banks from which we had received them for collection. For your information we enclose a copy of the form of letter we have written today to each of these banks.

In these letters we refer to section 350-j of the Negotiable Instruments Law of New York and request our endorsing banks to instruct us whether or not to treat as dishonored by nonpayment under the terms of this section the items which we received from such banks and which were remitted for by the draft of _____ National Bank for \$ _____. We expect to receive such instructions shortly and to send appropriate notice to the _____ National Bank, and to the Receiver or Examiner in charge thereof, to the effect that we elect to treat some or all of these items as dishonored, and that we request the return of such items. In the meantime, we request _____ National Bank and the Receiver or Examiner in charge to keep possession of all of these items and, of course, not to return them to the makers or drawers.

Very truly yours,

Encl.
 WSL:GSR(MAR)

(Copy to Comptroller of the Currency)

C O P Y

X-7008-c

FEDERAL RESERVE BANK OF SAN FRANCISCO

June 15, 1931.

Walter Wyatt, Esq.,
General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

A situation has recently arisen with regard to check collections in this district, which I think I should call to your attention.

The 1929 Session of the Legislature of the State of Washington adopted the Uniform Check Collection Code proposed by the American Bankers Association. The same statute has been recently adopted by the 1931 Legislature in the States of Idaho and Oregon. In the latter state, the Uniform Code was adopted with some slight amendments which are not material to the matter here under discussion.

In the State of Washington, prior to the adoption of this code, when a member bank failed and we were left with an unpaid remittance draft in our hands, we were required to file for the entire amount of the unpaid draft and were given a classification as a general creditor.

In Oregon a different method of procedure was followed prior to the adoption of the code. The Superintendent of Banks, acting under an opinion of the Attorney-General of the State of Oregon but apparently without any direct warrant of law, pursued the practice of reversing the entries on the records of the failed bank, marking the checks "Paid in Error" or with other appropriate symbol and returning the checks themselves to us. We, in turn, delivered them to our endorsers and the parties were restored to their original position.

In Idaho, prior to the adoption of the code, we were given a classification as a general creditor of an insolvent member bank.

Since the adoption of the code in Washington, we have had occasion to file claims against two or three

Walter Wyatt, Esq.

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June 15, 1931.

insolvent state banks predicated upon unpaid remittance drafts. Action has been taken in only one of these cases, and in that one, we have been accorded a preferred status. We have recently had one insolvency in Oregon, in which the same question is involved, and we are informed by our Portland Branch that the state banking authorities of Oregon intend to give us a preferred status.

We have not yet had any experience under the new code in the State of Idaho.

You are, of course, familiar with the Uniform Check Collection Code proposed by the American Bankers Association and are conversant with the fact that under the provisions of Section 11 thereof, the agent collecting bank presenting the checks may, at its election, exercised with reasonable diligence, treat the items as dishonored by non-payment, with recourse against prior parties in all cases where the draft of the drawee or payor bank upon another bank, received in settlement, shall not be paid in due course.

Under the provisions of Section 13 of the same code, except in those cases where the item or items are treated as dishonored by non-payment under the provisions of Section 11, the assets of the drawee or payor bank are impressed with a trust in favor of the owner of the items involved in the unpaid remittance draft.

Heretofore, under our Failed Bank Manual, it has been our uniform practice immediately upon the insolvency of a member bank to demand the return of any check involved in an unpaid remittance draft.

Since the adoption of the Uniform Code in the states mentioned, instructions have been issued to our branches not to demand from the agent in charge of an insolvent state bank the return of the items. We have taken this position fearing that if we demanded the return of the items themselves, such demand would be construed as an election on our part to proceed under the provisions of Paragraph 11 of the Uniform Code, and that it might be held that we had elected to treat the items as dishonored by non-payment, thereby preventing us from getting a preference in behalf of our endorsers.

Walter Wyatt, Esq.

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June 15, 1931.

Recently, we have had some correspondence by telegraph with Mr. Logan, Counsel to the Federal Reserve Bank of New York, relative to this matter. Mr. Logan informs us that in New York all claims for preference have to be submitted to a court for determination prior to the granting of the preference. He states that the attorneys for the Superintendent of Banks of the State of New York take the position that if the Federal Reserve Bank charges the items involved in an unpaid remittance draft back to their endorsers, such charge-back constitutes in itself an election on the part of the Federal Reserve Bank to treat the items as dishonored, thereby foreclosing any right under Section 13 of the code which would otherwise grant a preference. We have had no such contention raised in any of the states of this district which have adopted the Uniform Code. I stated to Mr. Logan that I could not possibly see how the act of the Federal Reserve Bank in charging back the checks involved in an unpaid remittance draft constituted an election on its part to accept the relief granted under Section 11 of the code rather than that under Section 13. It seems to me that the act of charging the items back to our endorsers is essentially a matter between the Federal Reserve Bank and its endorsers and in no way involves the right of the Federal Reserve Bank or its endorsers as a claimant against the insolvent bank. If you agree with me in this contention, we will continue to charge the items back as soon as we are notified of the insolvency of a state member bank in all cases where we hold an unpaid remittance draft.

To do otherwise than charge back would seem to me to be extremely dangerous for the Federal Reserve Bank. If we do not notify our endorsers that the items which they have sent to us for collection remain unpaid and that the credit given them under the immediate availability schedule has been reversed, it may very easily occur that our endorsers will claim that their rights were prejudiced by not having been notified of the fate of their items.

Another complication arises on account of the following facts. Two distinct rights are granted to our endorsers - that of treating the items as dishonored under the provisions of Paragraph 11, and that of obtaining a preferred claim against the insolvent bank under the provisions of Paragraph 13. In nearly every state, we are not permitted to file for less than the amount of the unpaid remittance draft; in other words, we are not entitled under our general procedure

Walter Wyatt, Esq.

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June 15, 1931.

to predicate our claim upon anything other than the unpaid remittance draft. It may well occur that some of our endorsers would prefer to have their original checks back, treated as dishonored by non-payment, so that they might have recourse against the makers of the checks, while others of our endorsers would prefer to obtain a preference against the insolvent bank. In such event, we will be placed in a dilemma, arising from one set of instructions from one set of endorsers and other instructions from other endorsers.

For the present, however, we intend to pursue our rights under Paragraph 13 of the Uniform Code and obtain preferred claims for our endorsers in every case where this may be done.

You will doubtless recall some correspondence had fairly recently between your office and the Federal Reserve Bank of New York, involving the question of the return of items drawn on an insolvent national bank, the name of which now escapes me. In that case, if my memory serves me correctly, Mr. Logan requested the receiver of the insolvent national bank to return the items to him as dishonored. The matter was referred to the Office of the Comptroller of the Currency, and after some correspondence, and I believe after negotiations on your part, the Comptroller agreed to return the items as dishonored by non-payment, stating, however, that his act in so doing was not to be considered as a precedent for future cases.

Recently, we had an insolvency in a national bank in Washington. Having in mind the experience of Mr. Logan in obtaining the return of the items involved in his matter, we demanded of the receiver that he return to us the items involved in our unpaid cash letter. We also transmitted this demand to the Office of the Comptroller of the Currency. The Comptroller's Office very promptly advised us that they would not permit their receiver to return the items to us. The New York case was cited as a precedent, but they stated that they had reversed their previous position and would not now consent to the return of the items. We argued the matter at some length by correspondence, but obtained only a flat refusal. The Comptroller did, however, authorize the agent in charge to furnish us with photostat copies of the checks in question.

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June 15, 1931.

Having obtained this refusal, we informed the Comptroller's Office that we elected to proceed under the provisions of Paragraph 13 of the Uniform Code in Washington and that we would ask for a preference. We were equally promptly advised by the Comptroller's Office that he would instruct his receivers not to grant a preference, inasmuch as this would be a violation of the provisions of the National Bank Act.

I refer to these matters merely as a matter of interest. I think the Comptroller is undoubtedly right in refusing to allow his receivers to proceed under the provisions of Paragraph 13, but I cannot, for the life of me, see why he should refuse to allow his receivers to proceed under the provisions of Paragraph 11. The return of the checks involved in an unpaid remittance draft, marked "Paid in Error", or with other similar designation, the reversal of the entries on the books of the failed bank and the cancellation of the obligation arising out of the issuance of the unpaid remittance draft, it seems to me places the drawee or payor bank exactly in the position it was in before the transaction took place and does not in any way involve a preference to anyone. I took this position in the case which Mr. Logan referred to me sometime ago and still believe that the provisions of Paragraph 11 of the Uniform Check Collection Code are applicable to national banks and are binding upon the receivers of insolvent national banks. However, we shall, unless otherwise advised, continue to file claims against insolvent national banks, asking for and accepting a general claim.

This brings me to the discussion of another phase of this check collection question in which I am interested and in relation to which I would like your advice.

I have observed that some of the other Federal Reserve Banks have, in the past, indulged in litigation involving unpaid remittance drafts. In such cases, an attempt has been made under the theory of the Peters case to obtain preference in behalf of the endorsers. It has been and is my opinion that it is not a part of the duty of a Federal Reserve Bank to indulge in litigation as a plaintiff in a case involving the fate of an unpaid remittance draft. I have always taken the position, and have so advised the officers of this bank, that the Federal Reserve Bank of San Francisco, acting in its capacity as a gratuitous collection agent, is under no duty other than that of exercising ordinary care and diligence in the collection of checks. I have also taken the position

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June 15, 1931.

that where a member bank fails with a cash letter outstanding, we should advise our endorsers of the fate of the items in which they are interested and await their instructions as to the filing of claims. I do not believe it is the duty of a Federal Reserve Bank to enter litigation in an effort to obtain in behalf of its endorsers any specific kind of right against an insolvent bank. In the case of the insolvent national bank in Washington, to which I referred previously, one of our endorsers had been advised by its attorneys that Section 13 of the Uniform Code was applicable to national banks and that it was entitled to a preference. Therefore, when we were advised by the Office of the Comptroller of the Currency that no preference would be granted, we merely transmitted this information back to our endorsers, with the statement that if they desired to litigate the matter we would be glad to assign the claim represented by the unpaid remittance draft for such action as our endorsers might see fit to take.

This policy has, no doubt, saved us a great deal of litigation and, possibly, has saved us the establishment of some precedents which would have proved embarrassing to this and other Federal Reserve Banks. We have been made defendant in a number of check collection suits, all predicated upon the old theory of the Molloy case, but we have won them all and in some cases have obtained opinions which have been of advantage rather than disadvantage.

I am not attempting to criticise the action heretofore taken by other Federal Reserve Banks or the counsel thereof, but I do believe that a uniform policy of "Hands Off" should be adopted by all Federal Reserve Banks in all cases involving unpaid checks and unpaid remittance drafts. I would like very much to have your opinion on this subject.

I have wandered about considerably in this letter, but I thought you would be interested in knowing of the new conditions which have been created by the adoption of the Uniform Check Collection Code in the three states which I have mentioned.

If anything which I have said herein does not agree with your opinion, I should like very much to have your observations.

With kindest personal regards, I am

Very truly yours,

(Signed) Albert C. Agnew
Counsel.

ACA:MA

C O P Y

X-7008-d

FEDERAL RESERVE BANK
OF RICHMOND

June 17, 1931

Federal Reserve Board,
Washington, D. C.

Attention Mr. Walter Wyatt,
General Counsel

Dear Mr. Wyatt;

I enclose a carbon copy of my letter today to Mr. Logan upon the subject of the decision of the Supreme Court of South Carolina which may be applicable to the Uniform Bank Collection Code.

I remain

Very truly yours,

(SIGNED) M. G. Wallace

M. G. Wallace,
Counsel.

MGW: EC

enclosure

C O P Y

X-7008-d-1

FEDERAL RESERVE BANK OF RICHMOND

June 17, 1931

Mr. Walter S. Logan,
Counsel and Deputy Governor,
Federal Reserve Bank of New York,
New York, N. Y.

Dear Mr. Logan:

I have received from the Federal Reserve Board an interesting file of correspondence upon the subject of the application of Section 11 of the Uniform Bank Collection Code to National banks. In connection with this general subject I am calling your attention to the decision of the Supreme Court of South Carolina in a case entitled *Ex parte Wachovia Bank and Trust Co.*, 158 S. E. 214.

That particular case dealt with the constitutionality of an act of the Legislature of South Carolina which gave priority to claims for collection items including checks on a failed bank. The Supreme Court of the state has filed three different opinions in the case. In the first two it held the statute unconstitutional because its title referred only to the liability of banks in the state sending checks for collection directly to the drawee, while the second section of the act attempted to define the priority of claims against banks in the state. After reargument, the second opinion of the court indicated that the act might be unconstitutional upon other grounds, as making arbitrary distinction between the rights of banks within the state and banks without the state. The third opinion held the act unconstitutional upon the grounds set out in the opinion. The court does not state specifically whether or not it refers to the Federal or state constitution, but its statements appear to refer to the fourteenth Amendment, and the court holds that the distinction made between checks forwarded by one bank to another and checks presented or forwarded by individuals to a bank is repugnant to the constitutional provision securing due process of law. The court probably intended to say "the equal protection of the law."

The court refers in its opinion to the Act of 1930, 36 Statutes 1368, which is the Uniform Bank Collection Code, and states that it is not retroactive, so, of course, the decision cannot be taken as referring to the Collection Code, but some parts of the reasoning of the court would be applicable to the code, as it apparently makes a distinction between checks presented by mail and those deposited or presented at the counter of the drawee bank, and apparently refers only to checks presented through the mails by one bank to another.

FEDERAL RESERVE BANK OF RICHMOND

Mr. Walter S. Logan,
Counsel and Deputy Governor,
Federal Reserve Bank of New York Page 2

June 17, 1931.

It seems to me that the distinction between checks handled through banking channels and those presented by individuals is a reasonable distinction and that the statutory rule might be applicable to the payment of one class without offending the constitutional guarantee of the equal protection of the law.

I have been endeavoring to adjust a claim of this character with the attorney for the receiver of a failed state bank in South Carolina and he has suggested that the Act of 1930 may be unconstitutional upon the grounds suggested in the opinion to which I refer. He has, however, taken no definite stand as yet. It occurred to me that inasmuch as you have been investigating this question somewhat fully you would be interested in examining the opinion in the case mentioned above.

With kindest regards, I am

Very truly yours,

M. G. Wallace,
Counsel.

MGW:EC

C O P Y

X-7008-e

FEDERAL RESERVE BANK
OF RICHMOND

July 17, 1931

Federal Reserve Board,
Washington, D. C.

Attention: Mr. Walter Wyatt, General Counsel.

Dear Mr. Wyatt:

I enclose a copy of a memorandum dated July 8th from myself to the Executive Committee of this bank recommending a method to be used when checks sent to a national bank are charged to the drawers but remittance is not received by a Federal reserve bank.

The plan suggested in the memorandum has been approved by the Executive Committee and will be followed by this bank in cases of the failure of national banks in the states of South Carolina, West Virginia, and Maryland.

We have acted in accordance with this system in the case of the First National Bank of Federalsburg, Md., which closed while we were discussing the inauguration of the method outlined in the memorandum. I have not, however, received definite advice as to whether or not the receiver will return the checks which we may request him to return.

You will notice that the system outlined in the memorandum is in all material respects the same as that suggested by Mr. Logan in a similar case. I am merely sending you copies of the memorandum and our forms in order that your office may be advised of the course that we are following. For your information, I also enclose a list of the states which have adopted the Bank Collection Code. I believe that this list is correct to July 1st.

Very truly yours,

(Signed) M. G. Wallace,

M. G. Wallace,
Counsel.

MGW R

C O P Y

X-7008-e-1

July 8, 1931

Executive Committee

M. G. Wallace, Counsel.

Handling of Checks Sent
to National Banks which are Charged
to the Drawers but for which No Remit-
tance is Made Before Suspension of
the Drawee Bank.

Dear Sirs:

The Uniform Bank Collection Code has been adopted in three states of this district; that is to say, Maryland, South Carolina, and West Virginia, which appears as Section 93, Article 11, of the Code of Maryland, Laws of 1929, Page 1147, and as Section 11, Chapter 822, Statutes of South Carolina of 1930, Page 1371. In West Virginia the act has just become effective and has not been officially printed, but I am informed that it will appear in the Acts of the Legislature for 1931.

Under Section 11 of this code it is provided that if any check be sent to a drawee bank for remittance and the drawee bank failed to remit in solvent credits the forwarding bank may at its election treat such check as dishonored and proceed as in the case of a check actually returned dishonored, or at its election establish a claim against the failed bank. While the Act recognizes that the forwarding bank is in most cases an agent for the depositor, it apparently gives to the forwarding bank the right of election, and provides that no claim shall be made against the forwarding bank because of its act in making either election if it has acted in good faith.

Section 13 of the Code provides that claims for checks and other instruments sent to a bank for collection and remittance shall constitute a prior lien on the assets of the failed bank.

The Uniform Code by its terms is applicable to all banks in the state; consequently, I think it clear that both of the sections mentioned above are applicable to state banks.

I am inclined to think that the section providing that such claims shall be prior liens is not applicable to national banks. Claims against national banks are determined by the National Bank law as interpreted by the federal courts, and these courts have consistently held that the collection of a check on a failed bank by the mere cancellation of it and charging of it to the drawer does not create a trust fund but results in a mere transfer of liability from the drawer of the check to the holder, so that such a claim is merely a general claim. The National Banking Act provides that all creditors of national banks shall be paid equally and ratably, and I do not think that a state statute could give priority to a claim against a national bank merely by declaring that the obligation of a national bank should be deemed that of a trustee rather than that of a debtor, when the federal courts had decided that the relationship was that of a debtor. In other words, Section 13 appears to me to be a law providing for the priority of claims against insolvent estates and therefore inapplicable to national banks.

X-7008-e-1

July 8, 1931

Executive Committee

M. G. Wallace, Counsel.

Handling of Checks Sent to National
Banks which are Charged to the Drawers but
for which No Remittance is Made Before
Suspension of the Drawee Bank.

- 2 -

I think, however, that Section 11, which gives to the forwarding bank an option to treat the check as dishonored and hold the drawer and prior endorsers, is not a statute granting priority to any particular claim, for its only effect is to provide that the claim which in the absence of the statute the holder has against the failed bank shall, if the holder elects to proceed on the drawer, be transferred to the drawer. It seems to me, therefore, that this section of the statute is merely a law of what constitutes the payment of a debt and therefore one which operates upon national banks as upon all other persons within the jurisdiction of the state.

It seems to me that the above conclusions will necessitate a slight modification of the course which we have been pursuing with respect to claims arising out of unpaid cash letters to failed banks in the states mentioned. We have heretofore been charging the amount of checks in such letters to our endorsing banks, notifying them that unless instructed to the contrary we would prove a claim for their benefit. I think we could lawfully continue such course under the statute, as we could in every case elect to hold the failed bank and prove a claim for the benefit of the owners or holders of checks, as the statute expressly provides that we shall not be liable for our act in making such election.

In the case of state banks, member and non-member, it seems to me wise to continue this course, as in almost all cases the holders of the checks will prefer to establish a claim against the failed bank if this claim is entitled to priority. In the case of national banks, however, since the claim would not be entitled to priority, most check holders will probably prefer to proceed upon the drawers, and while we are under no legal obligation to advise the holders of their rights in the premises, it seems to me that our position as agents for the holders is such that it would be most proper to advise them of the situation before making a final election, especially as by the terms of the statute we are allowed a reasonable time in which to make the election.

I am therefore submitting for your consideration a tentative draft of three form letters. Letter No. 1 is a form for a letter which with appropriate changes to meet the individual case we can use in advising our endorsing banks of the failure of a national bank to which checks have been sent but from which we have not obtained final payment. Letter No. 2 is a form letter to be enclosed with letter No. 1 for use by our endorsing banks in giving us instructions. Letter No. 3 is a form letter to be used as a suggestion in writing to the examiner in charge or the receiver of the bank notifying him of our action.

X-7008-e-1

July 8, 1931

Executive Committee

M. G. Wallace, Counsel.

Handling of Checks Sent to National
Banks which are Charged to the Drawers but
for which No Remittance is Made Before
Suspension of the Drawee Bank.

- 3 -

I had intended submitting these letters to you with the suggestion that I might forward them to our Baltimore Branch and our Charlotte Branch with instructions to use them in any future case; but before I was able to submit them for your approval we were advised of the failure of the First National Bank of Federalsburg, Md., and, therefore, after discussing the matter with Mr. Peple and Mr. Seay, and also discussing the matter by telephone with Mr. Dudley, I sent to Mr. Dudley a draft of letters substantially in the form attached for use in that specific case.

This particular question has received some consideration from counsel for other Federal reserve banks, particularly by Mr. Logan, General Counsel and Deputy Governor of the Federal Reserve Bank of New York. All counsel for Federal reserve banks who considered the question hold substantially the same views as those expressed above as to the effect of the statute and its application to national banks. I might add that the statute is in force in sixteen states and so is in force in at least one state of almost every Federal reserve district. No definite opinions were expressed by counsel for the other Federal reserve banks as to whether it would be wiser for a Federal reserve bank to elect to treat checks as dishonored without referring the matter to endorsing banks or whether it would be wiser to first refer the matter to endorsing banks. In a single case the Federal Reserve Bank of New York elected to treat all checks in an unpaid cash letter as dishonored and the Comptroller of the Currency therefore returned the checks, but in doing so stated that the Comptroller's Office would not commit itself as to its actions in future cases. Mr. Logan did not state in his correspondence whether the election was made without reference to his endorsing banks or not, but I gathered from the correspondence that the number of checks in the cash letter were few and that he seemed to be confident that his endorsing banks desired to have them returned.

Very truly yours,

M. G. Wallace,
Counsel.

MGW R

C O P Y

X-7008-e-2

1.

Letter Giving Notice of Failure of a National Bank in West Virginia, Maryland, or South Carolina, which has not Paid for Checks Drawn on Such Bank Sent to It.

TO THE MEMBER BANK ADDRESSED:

The checks received from you in your cash letter as shown below were sent by us to the _____ National Bank, on which they were drawn, in our cash letter of _____. In settlement for checks in this cash letter the drawee bank sent us (an authorization to charge its reserve account) (a draft) covering the amount of checks (but before this authorization was acted on or honored by us we were advised that the _____ National Bank was closed) (but before this draft was paid the _____ National Bank was closed.)

Since all checks are credited subject to final payment, we have charged the amount of these checks to your account.

We are advised that under the Bank Collection Code which is in force in (West Virginia, South Carolina, or Maryland, as the case may be) we have an option to treat such checks as dishonored or to file a claim against the failed bank, which claim we are advised will probably be classified under the national banking act as a general claim.

If you desire to treat the check as dishonored, you should give notice of dishonor to all prior endorsers and the drawer and look to them for payment and we will demand and endeavor to obtain the return of the check. If you file a claim against the failed bank, you will release the drawer from further liability and will receive dividends on the amount of the check from the failed bank.

As we must notify the Receiver promptly whether we elect to prove a claim against the failed bank or to treat the checks as dishonored, please advise us as soon as possible, using the enclosed form, and giving the name of the drawer of the check, if obtainable.

Very truly yours, .

Federal Reserve Bank of Richmond.

C O P Y

X-7008-e-3

2.

Reply Letter to be Enclosed with Letter No. 1 Giving
Directions as to Proving Claim.

Federal Reserve Bank of Richmond

Dear Sirs:

Referring to your letter of _____ upon
the subject of items drawn on the _____ National
Bank, we elect to prove a claim against the failed bank on
the following items, and instruct you to file a claim for
our benefit.

<u>Date and Total of Our Letter</u>	<u>Drawer</u>	<u>Amount of Item</u>
-------------------------------------	---------------	-----------------------

We elect to treat the following items as dishonored and
confirm your charge to our account. Please demand a return of
them from the receiver of the drawee bank:

<u>Date and Total of Our Letter</u>	<u>Drawer</u>	<u>Amount of Item</u>
-------------------------------------	---------------	-----------------------

Very truly yours,

C O P Y

X-7008-e-4

3.

Letter to be sent to Receiver or Examiner in Charge as soon as Possible after Failure.

Dear Sir:

We call your attention to the checks contained in our cash letter sent to the _____ National Bank on _____.

In settlement for this letter the failed bank sent us (an authorization to charge its reserve account for the sum of \$ _____) (a draft No. _____ drawn on _____ for \$ _____).

(Before this draft was paid the _____ National Bank closed) (Before this authorization was acted on by us we received notice of the closing of the _____ National Bank.)

In pursuance of our collection circulars and the Regulations of the Federal Reserve Board we have charged the amount of these checks to our endorsing banks.

We wish to call your attention to the Bank Collection Code (Section 93, Article 11, Code of Maryland, Laws 1929, Page 1147; Section 11, Chapter 822, Statutes of South Carolina 1930, Page 1371; Section 11, Act 1931, West Virginia, as the case may be.) Under this Statute we have the right at our election to treat such items as dishonored or to prove a claim against the failed bank.

We have written to our endorsing banks for whom we acted as agent for instructions. As soon as we receive such instructions we shall advise you further. In the meantime we notify you not to cancel any of the items in our unpaid cash letter if not previously cancelled and not to surrender any of such checks to the drawers, but to hold them pending further advice from us.

Very truly yours,

Idaho,
Chapter 60, Laws 1931, Page 98.

Indiana,
Chapter 164, Act 1929, Page 514.

Kentucky,
Chapter 13, Act 1930, Page 49.

Maryland,
Chapter 454, Laws 1929, Page 1143.

Michigan,
#240 Acts 1931, not published.

Missouri,
Laws 1929, Page 205 (Section 11 omitted).

Nebraska,
Chapter 4, Laws 1929, Page 177.

New Jersey,
Chapter 270, Laws 1929, Page 644.

New Mexico,
Chapter 138, Laws 1929, Page 324.

New York
Chapter 589, Laws 1929, Page 1267.

Oregon,
Chapter 138, Laws 1931, Page 189.

South Carolina,
Chapter 822, Statutes 1930, Page 1368.

Washington,
Chapter 203, Laws 1929, not published.

West Virginia,
Chapter 15, Act 1931, not published.

Wisconsin,
Chapter 354, Laws 1929, Page 642.

Wyoming,
Chapter 74, Laws 1931, not published.

C O P Y

X-7008-f

FEDERAL RESERVE BANK
OF NEW YORK

September 30, 1931.

Walter Wyatt, Esq., General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

I am enclosing a copy of letter which I have just written to the office of the Comptroller of the Currency for the attention of Mr. Barse in an effort to persuade that office to permit the return of items involved in national bank closings and treated as dishonored under Section 350-j of the Negotiable Instruments Law of New York (Section 11 of the Uniform Bank Collection Code). If you can do anything to help I shall greatly appreciate it. I am convinced that as a matter of law the owners are entitled to have their items returned to them and that the policy which the Comptroller's office has followed recently of not permitting the return of the original items results in much inconvenience and hardship.

Yours faithfully,

(Signed) Walter S. Logan

Walter S. Logan,
Deputy Governor and General Counsel.

Encl.

C O P Y

X-7008-f-1

FEDERAL RESERVE BANK
OF NEW YORK

September 30, 1931.

Honorable J. W. Pole,
Comptroller of the Currency,
Washington, D. C.

Attention: Mr. George P. Barse

Dear Sir:

I enclose a copy of letter dated September 29, 1931, which we have addressed to The Peoples National Bank of Pulaski, Pulaski, New York, (notice of the closing of which we received on that date), advising that we have requested instructions from our forwarding banks as to whether to treat the items involved in that closing as dishonored by nonpayment pursuant to Section 350-j of the Negotiable Instruments Law of New York (Section 11 of the Uniform Bank Collection Code). When Mr. Barse was in New York about two weeks ago I urged upon him the advisability of your office permitting receivers of closed national banks to return items which we elect to treat as dishonored pursuant to Section 350-j, in the same way that the Banking Departments of New York and New Jersey have permitted the return of such original items by closed state banks.

Mr. Barse suggested at that time that I write to your office and set forth at length the reasons and authorities in support of our position that the original items which are thus dishonored should be returned by the receivers of national banks. Due to the pressure of other work I have been unable to do this, but nevertheless we want to urge your office to reconsider this question in

X-7008-f-1

2 Honorable J. W. Pole
September 30, 1931.

connection with the closing of the Peoples National Bank of Pulaski, Pulaski, New York, and permit the return of such of the items involved in the closing of that bank as we may elect to treat as dishonored pursuant to the provisions of Section 350-j. I believe there is no doubt that the return of such original items by national bank receivers is authorized by law and our experience has demonstrated that the refusal to return them causes much inconvenience and results in denying the benefits of this section of the Bank Collection Code to the owners of such dishonored items.

I will attempt briefly to outline in this letter the reasons which seem to me to make it clear that the owners of items involved in the closing of national banks are entitled to the return of the items when they are treated as dishonored pursuant to the provisions of Section 350-j.

1. There is no question of preference involved. We agree with the position taken by your office that the provisions of subdivision 2 of Section 350-1 of the Negotiable Instruments Law of New York (Section 13 of the Uniform Bank Collection Code) in regard to preferences in favor of owners of items involved in bank closings do not apply to national banks, because they are in conflict with the provisions of the National Bank Act providing for ratable distribution among all creditors. We have advised our forwarding banks accordingly whenever the question has been raised.

2. The present question relates only to another section

Honorable J. W. Pole September 30, 1931.

of the Bank Collection Code, Section 350-j, which has nothing to do with preferences, or with claims against closed institutions as such, and which is not in any way in conflict with the National Bank Act. This section provides that when a remittance draft is dishonored the agent collecting bank which has presented the items so remitted for may, at its election, treat any of such items as dishonored by nonpayment and thereby preserve the recourse of the owners of the items against prior parties. It also permits the exercise of the same election in certain other specified circumstances. These circumstances are not at all confined to cases of bank closings, and in fact the section makes no reference whatever to the subject of bank suspensions or insolvencies. For example, under the terms of Section 350-j the option to treat an item as dishonored arises whenever a drawee bank's remittance draft is dishonored irrespective of whether the reason for such dishonor is the closing of the remitting bank or some other reason.

According to the weight of authority, in the absence of any statutory provision, the drawer of a check is discharged when the bank on which the check is drawn issues its remittance draft therefor, and charges the check against the maker's account; so that if the remittance draft is not paid the owner of the item has only the obligation of the remitting bank. In some states, however, the law is otherwise, and the drawer of the check is not discharged until the remittance draft is actually paid. The effect of this section of the Bank Collection Code is to amend and settle the law on this point, by

Honorable J. W. Pole September 30, 1931.

creating an option so that the owner of the item may choose whichever he prefers, i. e., to keep alive his rights against prior parties including the maker, or to rely only on the obligation of the remitting bank. This section is, therefore, merely an amendment of the local law relating to negotiable instruments and, as it does not conflict with any provision of the National Bank Act, it seems to me that there can be no doubt that it applies to cases in which national bank depositors issue checks to their creditors in settlement of obligations.

The incidental effect of the exercise of the option to treat a check as dishonored in accordance with the provisions of Section 350-j is also, of course, to constitute the maker of the check, instead of the owner, the creditor of the drawee bank. This does not, however, prevent the application of the section to checks drawn on national banks, for the general principle of law is well established that the contracts and legal relationships between national banks and the parties with whom they deal are governed by local law if such local law does not conflict with any provision of the National Bank Act.

For your convenience I quote Section 350-j of the Negotiable Instruments Law of New York, (Section 11 of the Uniform Bank Collection Code), in full:

"Sec. 350-j. Election to treat as dishonored items presented by mail. Where an item is duly presented by mail to the drawee or payor, whether or not the same has been charged to the account of the maker or drawer thereof or returned to such maker or drawer, the agent collecting bank so presenting may, at its election, exercised with reasonable diligence, treat such item as dishonored by nonpayment and recourse may be had upon prior parties thereto in any of the following cases:

Honorable J. W. Pole September 30, 1931.

(1) Where the check or draft of the drawee or payor bank upon another bank received in payment therefor shall not be paid in due course;

(2) Where the drawee or payor bank shall without request or authority tender as payment its own check or draft upon itself or other instrument upon which it is primarily liable;

(3) Where the drawee or payor bank shall give an unrequested or unauthorized credit therefor on its books or the books of another bank; or

(4) Where the drawee or payor shall retain such item without remitting therefor on the day of receipt or on the day of maturity if payable otherwise than on demand and received by it prior to or on such day of maturity.

Provided, however, that in any case where the drawee or payor bank shall return any such item unpaid not later than the day of receipt or of maturity as aforesaid in the exercise of its right to make payment only at its own counter, such item cannot be treated as dishonored by nonpayment and the delay caused thereby shall not relieve prior parties from liability.

Provided further that no agent collecting bank shall be liable to the owner of an item where, in the exercise of ordinary care in the interest of such owner, it makes or does not make the election above provided or takes such steps as it may deem necessary in cases (2), (3) and (4) above."

3. In cases in which the election to dishonor an item is exercised pursuant to Section 350-j, the owner of the item continues to have recourse against the prior parties including the maker, and the owner has title to and right to possession of the item, just as he would have to any bond or other security belonging to him which the bank had in its possession for safekeeping. It is a great inconvenience, and a real hardship and injustice, to the owner to deny him possession of the dishonored item which is his property. To be sure,

Honorable J. W. Pole September 30, 1931.

it may be theoretically possible for the owner of the item to bring suit on a copy of it against the maker and other prior parties, but this theoretical ability to sue is not an adequate remedy. He wants to get his money without suit and as a practical matter the fact that he can not return the original item very often prevents him from accomplishing this. This has been brought out in a number of instances in connection with the closed national banks in this district. That the inability to obtain the original item often results in denying to the owner the rights which it was intended he should acquire under this provision of law is shown by the fact that we are instructed to treat as dishonored a much smaller proportion of the items involved in national bank closings than of items involved in state bank closings. In the case of the Queensboro National Bank, Corona, New York, the last national bank to close in this district prior to The Peoples National Bank of Pulaski, Pulaski, New York, we have received instructions to treat as dishonored only 31 per cent of the items concerning which we have heard to date (65 out of a total of 212); whereas in the case of the last state bank closing, The Capitol Trust Company, Schenectady, New York, we have received instructions to treat as dishonored 78 per cent of the items concerning which we have heard to date (71 out of a total of 91).

4. It does not seem to me that it is possible for the Comptroller's office to avoid taking a definite stand on the question of whether Section 350-j applies to national banks. When the Federal Reserve Bank, acting under instructions from the owners of items,

Honorable J. W. Pole September 30, 1931.

treats the items as dishonored and demands the return of them by the receiver on the ground that they are the property of such owners, I do not see how, in the absence of an adverse claim on the part of some third party, that demand can be refused, unless the Comptroller's office takes the affirmative position that Section 350-j does not apply to national banks.

5. If the receivers of closed national banks will comply with our demand for the return of the original items which we elect to treat as dishonored under Section 350-j, we will be glad to make photostatic copies of such items at our own expense and send such copies to the receivers, so that the records of the closed bank will be complete.

I am sorry that I have not had time to supplement this letter with the citation of legal decisions in support of our position, but, frankly, it does not seem to me that the citation of authorities is necessary or would be particularly helpful. I know of no court decision on the precise point, and I feel sure that there is none; so that it would only be possible to cite authorities for the general principles of law involved, and I believe these principles are all well established and will be conceded by your office without the citation of any authorities to support them.

We hope your office will give this matter careful consideration, and will permit the receiver of The Peoples National Bank of Pulaski, Pulaski, New York, to return the items involved in the closing of that bank which we may elect to treat as dishonored under Section

Honorable J. W. Pole September 30, 1931.

350-j of the Negotiable Instruments Law of New York. We feel very strongly that both as a matter of principle and as a matter of practical justice the owners of such items are entitled to have their property returned to them. The Federal Reserve Banks, as you know, act only as collecting agents and this bank has no interest in the matter except to fulfill its duty as such agent and to work out a procedure which will be as effective and convenient as possible to all concerned.

We shall appreciate it if you will let us have your reply as soon as possible.

Very truly yours,

Walter S. Logan,
Deputy Governor and General Counsel.

Encl.

WSL:JMC

COPY

FEDERAL RESERVE BANK
OF NEW YORK

September 29, 1931.

Registered Mail

The Peoples National Bank of Pulaski,
Pulaski, New York.

and

Receiver or Examiner in charge of
The Peoples National Bank of Pulaski,
Pulaski, New York.

Gentlemen:

The draft No. 12041 of The Peoples National Bank of Pulaski, Pulaski, New York, dated September 28, 1931, drawn on the Federal Reserve Bank of New York to the order of Federal Reserve Bank for \$3,192.28, received by us in remittance for certain items drawn on said The Peoples National Bank of Pulaski, Pulaski, New York, which we had presented to it by mail, was not paid due to notice of the closing of said The Peoples National Bank of Pulaski, Pulaski, New York. We have therefore charged said items back to the forwarding banks from which we received them for collection, and have requested such banks to instruct us whether or not to treat such items as dishonored by nonpayment pursuant to the provisions of Section 350-j of the Negotiable Instruments Law of New York (Section 11 of the so-called Uniform Bank Collection Code). If in reply to such requests we are instructed to treat some or all of said items as dishonored, we will send appropriate notice or notices to said The Peoples National Bank of Pulaski, Pulaski, New York, and to the receiver or examiner in charge thereof, in accordance with such instructions. In such notice or notices we will of course demand the return of any items which we may be instructed to treat as dishonored. In the meantime, we request said The Peoples National Bank of Pulaski, Pulaski, New York, and the receiver or examiner in charge thereof to retain possession of all said items and, of course, not to cancel any of said items nor return any of said items to the makers or drawers.

Very truly yours,

Walter S. Logan,
Deputy Governor and General Counsel.

WSL:GSR

(Copy to the Comptroller of the
Currency, Washington, D. C.)

C O P Y

X-7008-g

FEDERAL RESERVE BANK
OF NEW YORK

October 6, 1931.

Walter Wyatt, Esq., General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

I enclose a copy of a letter and its enclosure which I have sent today to the office of the Comptroller of the Currency for the attention of Mr. Barse, supplementing my letter of September 30, concerning The Peoples National Bank of Pulaski, Pulaski, New York, copy of which was forwarded to you on that day.

Yours faithfully,

(Signed) Walter S. Logan

Walter S. Logan,
Deputy Governor and General Counsel.

Encs.

C O P Y

X-7008-g-1

C
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FEDERAL RESERVE BANK
OF NEW YORK

October 6, 1931.

Honorable J. W. Pole,
Comptroller of the Currency,
Washington, D. C.

Attention: Mr. George P. Barse

Dear Sir:

In our letter of September 30, 1931, we requested you to permit the receiver or examiner in charge of The Peoples National Bank of Pulaski, Pulaski, New York, to return such of the items involved in the closing of that bank as we might elect to dishonor pursuant to the provisions of Section 350-j of the Negotiable Instruments Law of New York. I now enclose a copy of letter dated October 5, 1931, which we have written The Peoples National Bank of Pulaski, Pulaski, New York, and to the receiver or examiner in charge thereof, advising that, in accordance with the instructions we have received to date, we elect to treat certain items as dishonored.

We will be glad to receive your reply to our letter of September 30, 1931, as soon as it is possible for you to let us have it.

Yours very truly,

Walter S. Logan,
Deputy Governor and General Counsel.

Enc.

WSL:JMC

COPY

FEDERAL RESERVE BANK
OF NEW YORK

October 5, 1931.

The Peoples National Bank of Pulaski,
Pulaski, New York.

and

Receiver or Examiner in charge of
The Peoples National Bank of Pulaski,
Pulaski, New York.

Gentlemen:

We refer to our letter dated September 29, 1931, in which we advised you that the draft #12041 of Peoples National Bank of Pulaski, Pulaski, New York, dated September 28 drawn on the Federal Reserve Bank of New York to the order of Federal Reserve Bank for \$3,092.28, received by us in remittance for certain items drawn on Peoples National Bank of Pulaski, Pulaski, New York, which items we had presented to it by mail, was not paid due to the closing of said Peoples National Bank of Pulaski, Pulaski, New York.

As we also advised you in that letter, we have requested our forwarding banks to instruct us whether or not to treat such items as dishonored by nonpayment, pursuant to the provisions of Section 350-j of the Negotiable Instruments Law of New York. We have now received instructions with reference to some but not all of such items, and in accordance with the instructions already received, we hereby elect, pursuant to the provisions of Section 350-j of the Negotiable Instruments Law of New York, to treat as dishonored by nonpayment the items described below which were among those in remittance for which we received the dishonored draft above referred to; and we hereby request the Peoples National Bank of Pulaski, Pulaski, New York, and the Receiver or Examiner in charge of the assets of said bank, to cause said items described below to be protested (except those opposite which we have written "Do not protest") and any others on which appears the A.B.A. no protest symbol of a bank indorser) and to cause all said items described below to be returned to us as soon as possible. As we receive additional instructions from our forwarding banks to treat other items as dishonored by nonpayment we will send you appropriate notice in accordance with such instructions.

Kindly acknowledge receipt of this letter.

Very truly yours,

J. M. Rice,
Assistant Deputy Governor.

Copy to: Peoples National Bank of Pulaski,
Pulaski, N. Y. sent via Registered Mail.

Peoples National Bank, Pulaski, N. Y.
and
Receiver or Examiner in charge of
Peoples National Bank, Pulaski, N. Y.
October 5, 1931.

Description of items referred to in above
letter which we hereby elect to treat as dishonored.

	<u>Amount of Items</u>	<u>Names of Drawers</u>	<u>Names of our Forwarding Banks</u>
	\$ 30.00	Ada Stowell	N. Y. State National Bank, Albany, N. Y.
Do not protest	2.00	Lina C. Williams	" " " " " "
Do not protest	2.00	" " "	" " " " " "
	10.68	C. H. Williams	" " " " " "
Do not protest	10.00	" "	" " " " " "
	12.50	Everett Eastman	" " " " " "
	38.23	Dairymen's League Corp. Assoc.	First National Bank, Lacona, N. Y.
	93.14	Parish or Rarish	" " " " "
Do not protest	4.25	Stowell	" " " " "
Do not protest	12.00	Ida Dinnie	Merchants Natl. Bank & Tr. Co., Syracuse, N. Y.
	40.80	Acker & Murray	Watertown National Bank, Watertown, N. Y.
	14.13	H. A. Broome	" " " "
Do not protest	6.12	C. H. Williams	" " " "
Do not protest	.98	Charmaphone Co.	Central Penn Natl. Bank, Philadelphia, Pa.
	37.01	Unknown	Corn Exchange Natl. Bank & Tr. Co. Philadelphia
	67.08	"	First Tr. & Deposit Co., Syracuse, N. Y.
	18.00	"	" " " " " "
	200.00	"	" " " " " "

HS:CK

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7009

October 30, 1931.

SUBJECT: Procedure in Approving Applications of State
Banks for Membership.

Dear Sir:

The procedure followed by the Federal Reserve Board in the past in connection with the approval of applications of State banks for membership in the Federal Reserve System has involved, what is believed to be, an unnecessary exchange of telegrams between the Board and the Federal reserve agent, and, in order not to delay the admission to the System of banks whose applications have been approved by the Board, it has been decided to simplify the procedure, as set out below.

In the past the Board has advised the Federal reserve agent by wire of its approval of an application for membership, subject to the regular conditions of membership contained in Section IV of Regulation H, and any special conditions considered necessary (code word "anchoring"). This was followed by a letter to the Federal reserve agent, enclosing a letter to the applicant bank, to be transmitted by him, advising formally of the approval of the application, setting forth in detail the conditions prescribed by the Board, and instructing the bank to advise the Board of its acceptance of such conditions. Upon receipt of notice of acceptance from the applicant bank, either directly or through the Federal reserve agent, the Board dispatched a second wire to the Federal reserve agent authorizing him to proceed with the final arrangements for the admission of the State bank (code word "anchoress"). Membership was considered as being effective from the date payment was made on the Federal reserve bank stock, the Federal reserve agent advising the Board of such payment by wire (code word "narratell").

Hereafter, upon approval of an application of a State bank for membership in the System, the Board will wire you

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advising of such approval and authorizing you, when notice of acceptance of the conditions of membership has been received from the applicant bank, to arrange for the issuance of the necessary Federal reserve bank stock, upon receipt of payment therefor, and for acceptance of the transfer of the required reserves (code word "anchoring"). The usual letter to the bank, setting forth the conditions of membership, will be sent to your office as at present, but will instruct the bank to file with you, instead of the Federal Reserve Board, a certified copy of a resolution of its Board of Directors accepting such conditions of membership. The Board's letter will state that you have been authorized, upon receipt of notice of acceptance, to proceed with arrangements for its admission to the System, all of which must be accomplished within thirty days from the date of the Board's letter, unless, on the bank's application, the time is extended by the Board for good cause. Upon completion of all arrangements for the membership of the bank, you are requested to wire advice to the Board (code word "narratell"), and to forward promptly, for the Board's files, the certified copy of the resolution of the Board of Directors of the applicant bank accepting the conditions of membership. Upon receipt of this advice from you, a formal certificate of membership will be mailed to the bank.

Whenever special conditions of membership are involved which are to be complied with prior to admission, you are requested to assure yourself that such conditions have been met in every respect before proceeding with arrangements for the completion of membership. In any case where acceptance of conditions is qualified, or there is question as to whether the bank has complied properly with any special conditions, the matter should be taken up with the Federal Reserve Board before arrangements for the admission of the bank are completed.

The code words to be used under the new procedure are set out below:

1. Anchoring. The application of (name and location of applying bank) for membership in the Federal Reserve System has been approved by the Federal Reserve Board, subject to the conditions contained in Section IV, Regulation H, Series of 1930, numbered 1 to 7 inclusive (special conditions, if any, to be quoted). When notice of acceptance of these conditions by the applicant bank has been received, you are authorized to arrange for the

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issuance of Federal reserve bank stock, upon payment therefor, and for acceptance of the required reserves. Please advise the Board the date upon which the bank's membership becomes effective.

2. Narratell. (Name and location of applying bank) has completed arrangements for membership, effective (date).

The code word "anchoress" will, under the new procedure, become obsolete and will be discontinued.

By order of the Federal Reserve Board.

Yours very truly,

Chester Morrill,
Secretary.

TO AGENTS OF ALL F. R. BANKS.

FEDERAL RESERVE BANK

OR RICHMOND

October 29, 1931

Federal Reserve Board,
Washington, D. C.

Attention: Mr. Walter Wyatt, General Counsel.

Dear Mr. Wyatt:

I have your letter of October 26th upon the subject of my memorandum on the effect of the decision in *Gamble v. Wimberly*, 44 Fed. (2nd) 329. I knew when I sent you this memorandum that you were so overwhelmed with work that you could not well find time to consider it and sent it only because I thought it likely that if anything in connection with this case came up you might find it convenient to have the memorandum in your files. Of course, I am very glad to have it sent to Counsel for the other banks, although I doubt if the decision will ever give rise to a difference of any great amount in the case of any single failed bank.

I have had no direct correspondence with the Comptroller's Office on this subject, except in the one instance mentioned below. From correspondence, however, with receivers it appears that the office of the Comptroller of the Currency intends to be guided by the decision and to take the position that whenever collections made from parties to a rediscounted note prior to the failed bank and a pro rata part of all general collateral, together with any dividends which have been paid, equal the amount of the claim proven on this note, no further dividends will be paid.

This position is obviously in accord with the decided case, except that the decided case did not expressly deal with payments made by the maker of a note or endorsers prior to the failed bank. The reasoning of the court, however, would support the application of the principle made by the Comptroller's office. You will readily see, however, that the decision only operates in the comparatively rare cases in which a dividend is paid which would extinguish the balance due on the note irrespective of interest, but would not extinguish the note and interest. The number of notes so situated in any one case is likely to be small and the difference in money upon each note is also likely to be small.

In one or two distributions receivers have sent me dividend checks computed under the rule stated above. The difference in the amount was so small that the officers of this bank did not consider it advisable to do more than notify the receivers that while we would make no objection in the particular case, we would not consider ourselves bound by the decision in a case where the amounts were substantial.

The one occasion on which I have had any correspondence with the Comptroller's office related to a common form of settlement which we adopted in

Mr. Walter Wyatt,
Federal Reserve Board,
Washington, D. C.

-2-

October 29, 1931

closing all accounts with a failed national bank. When the receiver is ready to close the estate and sell all free assets, in order not to delay matters further, we frequently agree to purchase from the receiver his equity in the rediscounted notes and marginal collateral which we still hold. It is agreed that the nominal purchase price shall be credited as the proceeds of marginal collateral and the nominal purchase price is usually computed by taking the estimated amount of salvage in the notes which we still hold either as rediscounts, as marginal collateral, or as collateral for any note of the failed bank. In short, for the purpose of reflecting the true state of the assets we endeavor to estimate the future liquidation and give a present book credit based on this estimate in order that the receiver's accounts may show the probable amount which would have been collected and applied on our claim if the liquidation had been indefinitely continued. In making such settlement agreements we have always stipulated that nothing in them should affect our right to participate in dividends upon the basis of our claims as they stood at the time that the settlement is made, which is, of course, before the final dividend. In one case the receiver in paying the final dividend distributed the nominal book credit mentioned above among all the rediscounted notes, which had the effect of reducing the amount of dividends which we would receive upon several of the notes. I took the matter up directly with the receiver and pointed out to him that we could make no such contract in the future, if by making it our dividends were affected, because under the decision in *Gamble v. Wimberly* it was clear that if we first received the dividend and then realized on the collateral we could apply the amount realized on the collateral to unpaid interest; but if we first realized on the collateral and then a dividend was paid, we could not apply the dividend to interest.

I also pointed out that the particular situation in which a stipulation had been made was covered by the decision in *Washington Alaska Bank v. Dexter Horton National Bank*, 263 Fed. 304.

A representative of the Comptroller of the Currency wrote me directly from the Comptroller's office concerning this and stated that they did not intend to claim that such a stipulation would in any way affect our dividends. I gathered from the letter, however, that the Comptroller's office considered themselves bound by the rule announced in *Gamble v. Wimberly* when there was no stipulation.

With kindest personal regards, I remain,

Very truly yours,

(Signed) M. G. Wallace,

M. G. Wallace,
Counsel.

MGW R

P. S. There has been nothing to indicate that the Comptroller's office construes the decision as meaning that the lien on the collateral ceases when

Mr. Walter Wyatt,
Federal Reserve Board,
Washington, D. C.

-3-

October 29, 1931

the face amount of the proven claim is paid, so at present the decision operates only in a few cases in which we are not paid in full before a final dividend, and then it only applies to a few individual notes.

We have made no effort in our accounting to segregate collections on the corpus of collateral from collections of interest on collateral, as our experience to this time indicates that the amounts involved would not justify the extra bookkeeping.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7012

November 4, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCUBIT" has been designated to cover a new issue of Treasury Bills, dated November 9, 1931, and maturing February 8, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCOAL" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

C O P Y

X-7014

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT
Attorneys at Law
Suite 1607 William-Oliver Bldg.
ATLANTA, GA.

November 4, 1931.

Mr. Walter Wyatt, General Counsel,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Wyatt:

I thank you for yours of October 28th, enclosing copies of certain correspondence passing between you and Mr. Wallace, counsel to the Federal Reserve Bank of Richmond, with reference to the decision of the Circuit Court of Appeals for the Fourth Circuit in the case of Gamble v. Wimberly, 44 Fed (2d) 329.

I have read the enclosures with interest. I hesitate to disagree with you and with Mr. Wallace as to the soundness of the decision, particularly since I have never carefully studied the question. It seems to me, however, that the decision is unobjectionable so far as Federal Reserve Banks are concerned and is probably correct. Of course, if the court meant to say, or if any court should ever hold, that collateral in the hands of the Federal Reserve Bank could not be utilized for the purpose of paying interest and the expenses of liquidating or preserving the collateral, the effect would be far-reaching. I do not think, however, that the court in the case cited meant to so hold nor do I believe that any court would ever go to that extent.

Similar questions have arisen several times in this district as between the Atlanta bank and various receivers of national banks and I have heretofore advised the Atlanta bank that the receivers could not pay dividends after the principal of the obligations had been extinguished by prior dividends and collections made on collateral. It may be that my ready acquiescence in the decision of the court is because it accords with my prior advice to the Atlanta bank. In any event, we have never had any difficulty here nor has the handling in accordance with this practice (so far as I have been advised) worked to the detriment of the Reserve Bank.

It has been the immemorial practice of the Comptroller, in liquidating national banks, never to declare

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT

Continuation Sheet

Mr. Walter Wyatt - #2.

11-4-31.

dividends for the purpose of paying interest until the principal of all proven claims has been paid and then only by a special dividend covering interest. In other words, the Comptroller's office has always taken the position that dividends paid on claims filed with the receiver cannot be utilized for the purpose of paying interest until the principal of all claims has been paid in full. Whether or not this practice is justified by the general law or the National Banking Act I do not know. I am certain, however, that it exists. In the case of rediscounts, our bank of course undertakes to make collection both from the maker and out of any collateral pledged for the payment of the rediscounted item. Such collections as are effected from the maker or out of collateral (and I am speaking now of collateral pledged specifically for a particular item as distinguished from general or marginal collateral) are applied on the principal of the obligation as are dividends paid by the receiver upon his certificate issued upon the claim based upon the rediscounted item. When the principal amount of the certificate is paid or satisfied from any or all of the sources mentioned, the receiver's certificate is surrendered but the discounted note is held until interest has been paid, according to the tenor of the contract.

In the case of the direct note of a member bank, collections made of collateral pledged for the payment of such note are credited when and as received and applied in reduction of the principal as are dividends paid by the receiver. We would not, however, surrender such note nor release any collateral until interest and expenses had been collected out of the collateral.

I understand that collections made on marginal or general collateral (that is, collateral held for the payment of any and all obligations of the insolvent bank) are held unapplied until there is a final accounting as between the receiver and the Reserve Bank.

Shortly after the decision of the court in the Gamble case one receiver of a national bank did write a letter which was susceptible of the construction that, in his opinion, the Federal Reserve Bank could not collect out of collateral and/or dividends more than the amount of the principal of its debt. We wrote him, stating that while we did not expect to receive dividends from his trust after collections from all sources, including dividends, had been sufficient to extinguish the principal of the obligations of his trust, we would hold the collateral for the payment of interest and expenses. The

COLQUITT, PARKER, TROUTMAN & ARKWRIGHT

Continuation Sheet

Mr. Walter Wyatt - #3.

11-4-31.

receiver then replied that we had misunderstood his letter and that he had not intended to contend that we would not have the right so to utilize the collateral.

Thanking you again for your courtesy in sending me copies of the correspondence referred to, I am

Very truly yours,

(S)

Robt. S. Parker.

RSP/w.

Copy to:

Mr. M. G. Wallace, General Counsel,
Federal Reserve Bank of Richmond,
Richmond, Virginia.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7015

November 10, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions
in Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCULT" has been designated to cover a new issue of Treasury Bills, dated November 16, 1931, and maturing February 15, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCUBIT" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

STATEMENT OF BUREAU OF ENGRAVING AND PRINTING

Federal Reserve Notes, Series 1928.

October 1 to 31, 1951.

	<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$50</u>	<u>\$100</u>	<u>\$500</u>	<u>\$1000</u>	Total Sheets	Amount
Boston	-	-	-	17,000	17,000	-	500	34,500	\$3,191.25
New York	100,000	-	-	-	-	-	-	100,000	9,250.00
Philadelphia	64,000	30,000	20,000	-	33,000	5,000	3,400	155,400	14,374.50
Cleveland	-	220,000	-	-	-	-	-	220,000	20,350.00
Atlanta	34,000	16,000	-	-	-	-	-	50,000	4,625.00
Kansas City	-	16,000	14,000	-	-	-	-	30,000	2,775.00
Dallas	-	10,000	10,000	23,000	14,000	1,500	750	59,250	5,480.63
San Francisco	250,000	80,000	54,000	-	21,000	850	450	406,300	37,582.75
	<u>448,000</u>	<u>372,000</u>	<u>98,000</u>	<u>40,000</u>	<u>85,000</u>	<u>7,350</u>	<u>5,100</u>	<u>1,055,450</u>	<u>\$97,629.13</u>

1,055,450 sheets, @ \$92.50 Per M,

\$97,629.13

DEPARTMENT OF AGRICULTURE

Washington, D.C.

November 9, 1931

Hon. Eugene Meyer,
Governor of the Federal Reserve Board,
Washington, D. C.

Dear Mr. Meyer:

For some time I have been emphasizing the fact that in the long run a sound policy of land utilization is a necessary basis of a prosperous agriculture. Emergency conditions of the past several years, due in considerable part to the lack of an adequate land policy, have strengthened my conviction.

After due consideration I have decided to call a conference where I may discuss this subject with members of the Association of Land Grant Colleges and Universities, State officials, representatives of farm organizations, railways, mortgage and insurance companies, banks, and other organizations primarily concerned with the land. I believe it possible to make substantial progress toward the development of a long-time policy of land utilization, and also to consider helpfully some of the immediate land problems growing out of the present emergency.

The three days, November 19 to 21 inclusive, immediately following the meetings of the Association of Land Grant Colleges and Universities appear to be a favorable time to hold the conference. The Executive Committee of the Association has expressed approval of the proposal and has authorized the collaboration of the Association in calling the conference, which will convene at the Stevens Hotel, Chicago.

I am writing to say that we shall be very glad to have you or any of your colleagues of the Federal Reserve Board present at the conference, and I shall also appreciate it if you will bring the conference to the attention of the officials of each of the Federal Reserve Banks. You will understand, of course, that the United States Department of Agriculture does not have funds available for paying the expenses of those who may attend.

For your information I am inclosing a copy of the tentative program.

Sincerely yours,

(S) Arthur M. Hyde
Secretary.

Inclosure

C O P Y

X-7020-a

(Revision of 11-6-31)

Tentative Program of Proposed Conferences on Land Utilization

Chicago, November 19-21, 1931

First Day, November 19

Forenoon, 9 A. M. to 12 N.

LAND UTILIZATION AND THE FARM PROBLEM

Presiding, R. A. Pearson, President, University of Maryland and Chairman,
Executive Committee, Association of Land Grant Colleges and
Universities.

1. The agricultural outlook and agricultural planning, Nils A. Olsen,
Chief, Bureau of Agricultural Economics
2. The place of Federal reclamation in a National land policy,
Elwood Mead, Commissioner of Reclamation, Department
of the Interior
3. Relation of Land Utilization to the general objectives of the
Federal Farm Board, J.C. Stone, Chairman of the Federal Farm Board
4. Developing a national policy of land utilization, Arthur M. Hyde,
Secretary of Agriculture

Afternoon, 2 P. M. - 5.30 P. M.

LAND: ITS USE AND MISUSE

Presiding, Charles E. Hearst, Vice President, National Farm Bureau Federation

1. Extent and emergency character of the problems of submarginal
land, Thomas P. Cooper, Dean and Director Kentucky Agricultural
College
2. Land Utilization in the western range country, William Peterson,
Director of Extension Utah Agricultural College
3. The program of New York State for handling submarginal land,
C. E. Ladd, Director of Extension, Cornell University
4. Some ways of dealing with the problems of submarginal land,
L. C. Gray, In Charge, Division of Land Economics,
Bureau of Agricultural Economics.

- 2 -

Ten-minute discussions

1. Homestead and other policies affecting the utilization of the public domain, A. C. Hardison, Fruit Grower and Vice President, Tax Payers' League of California
2. An economic classification of land as a basis of a utilization program, L. R. Schoeneman, in charge of Land Economic Survey, Michigan Department of Conservation
3. What methods should be employed to take submarginal lands out of agricultural production? H. W. Mumford, Dean and Director, Illinois College of Agriculture

Five-minute discussions from the floorEvening, 7:30 - 10:30 P.M.

THE PLACE OF FORESTRY IN A NATIONAL LAND UTILIZATION PROGRAM

Presiding, L. J. Taber, Master of the National Grange

1. National economic and social objectives in forest policy, Raphael Zon, Director Lake States Forest Experiment Station
2. Land utilization and conservation, George D. Pratt, President, National Forestry Association
3. Fitting forestry into a general program of land utilization, Major R. Y. Stuart, Forester, U. S. Forest Service.
4. The coordination of State and Federal efforts in the development of a land utilization program, Cully A. Cobb, Associate Editor, Progressive Farmer and Southern Ruralist

- 3 -

Ten minute discussions

1. Making forests contribute to a more stable agricultural prosperity,
Bradford Knapp, President, Alabama Agricultural College
2. Cooperation among forest owners in making forestry more profitable,
Joseph Hyde Pratt, Executive Secretary Southern Forestry Congress
3. Turning submarginal crop lands within the farm to woodlot uses,
James Fowler, Farmer, Soperton, Georgia
4. What are the possibilities of private reforestation? S. T. Dana,
Dean University of Michigan School of Forestry
5. Along what lines should the public acquisition program be amplified?
Earl C. Smith, President Illinois Agricultural Association

Five minute discussions from the floorSecond Day, November 20, 1931Forenoon. 9 A. M. - 12 M.

READJUSTMENTS IN TAXATION MADE NECESSARY BY CHANGES IN
LAND UTILIZATION

Presiding - Dr. Arthur W. Gilbert, Secretary National Association
Commissioners and Secretaries of Agriculture

1. Fiscal problems of local communities resulting from changing
conditions of land utilization, George F. Wehrwein,
Professor of Economics, University of Wisconsin
2. Adjustments for greater economy in local public expenditures,
John C. Watson, Illinois Agricultural Association
3. Replanning public institutions on the basis of a land utiliz-
ation program, Ralph Compton, Professor of Economics, Yale
University, and formerly Research Investigator, Department
of Taxation and Finance, New York State
4. Changes in taxation requisite for a sound program of land
utilization, Eric Englund, Assistant Chief Bureau of
Agricultural Economics

- 4 -

Ten-minute discussions

1. Should other industries help bear the financial burden of maintaining a rural civilization? C. V. Gregory, Editor, the Prairie Farmer, Chicago
2. Redistribution of the responsibility for local public services between State and local governments, Fred Brenckman, Washington representative, The National Grange

Five-minute discussions from the floorAfternoon - 2:00 - 5:30 P.M.

ADJUSTMENTS IN FARMING IN THE BETTER FARMING AREAS

Presiding - C. E. Huff, President Farmer's National Grain Corporation and former President Farmer's Educational and Cooperative Union

1. Soil conservation a major problem of agricultural readjustment, H. G. Knight, Chief, U. S. Bureau of Chemistry and Soils
2. The Outlook a basis for adjustments in the better farming areas, H. R. Tolley, Director Giannini Foundation, University of California
3. A regional approach to the problems of farm reorganization, C. L. Holmes, In charge, Division of Farm Management and Costs, Bureau of Agricultural Economics
4. How can mechanization and scientific management strengthen the competitive position of American agriculture? M. L. Wilson, Chairman Department of Agricultural Economics, Montana Agricultural College
5. What is the future role of the small farm and by what methods can it be made to hold its own in world competition? John D. Black, Professor of Economics, Harvard University, Chief Economist, Federal Farm Board
6. Helping the farmer translate economic information into action, C. W. Warburton, Director of Extension Work, United States Department of Agriculture

Ten-minute discussions

1. Soil classification a basis of agricultural adjustments, J. C. Lipman, Dean and Director, New Jersey Agricultural College
2. Greater efficiency in agriculture as a sound National objective, W. J. Kerr, President Oregon Agricultural College

Five-minute discussions from the floor

Evening, 7.30 P. M. - 10.30 P. M.

CREDIT PROBLEMS IN THE READJUSTMENT OF LAND UTILIZATION
AND FARM ORGANIZATION

Presiding - C. O. Moser, President National Cooperative Council

1. Functions of farm mortgage agencies in agricultural readjustment, S. J. Westbrook, Vice President, Aetna Insurance Company
2. The management of farm lands held by credit agencies, Elbert S. Brigham, National Life Insurance Company of Vermont and formerly member of Congress from Vermont
3. Providing credit for needed readjustments in land utilization and farm organization, Norman J. Wall, Bureau of Agricultural Economics
4. Strengthening the country bank as an essential part of the rural credit structure, Nathan Adams, President First National Bank, Dallas, Texas
5. Increasing the usefulness of the Intermediate Credit system as a supplement to the country bank, Wood Netherland, President Federal Land Bank and Intermediate Credit Bank, St. Louis, Missouri

Ten-minute discussions

1. Broadening the debenture market, N. H. Thompson, President, Federal Land Bank, Springfield, Massachusetts
2. How the country bank can influence the farm production program, J. Phil Campbell, Director of Extension, Georgia Agricultural College

Five-minute discussions from the floorThird Day

A NATIONAL LAND UTILIZATION PROGRAM
(Summaries and conclusions)

Presiding, Arthur M. Hyde, Secretary of Agriculture

1. Submarginal lands
2. Forests and other nonagricultural uses
3. Taxation
4. Farm reorganization and soil conservation
5. Mortgage credit
6. Intermediate and short term credit

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7021

November 13, 1931.

SUBJECT: Complimentary Copies of Federal Reserve
Bulletin for State Bank Examiners.

Dear Sir:

The Federal Reserve Board will furnish a complimentary copy of the Federal Reserve Bulletin during the year 1932 to State bank examiners who may desire it. Please furnish this office, not later than December 15th, with the name and address of each State bank examiner in your district who desires to receive a complimentary copy of each issue.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO ALL F. R. AGENTS.

X-7022

F E D E R A L R E S E R V E B O A R D
STATEMENT FOR THE PRESS

For release at 4:00 p.m.

November 13, 1931.

The Federal Reserve Board announces that the Federal Reserve Bank of Atlanta has established a rediscount rate of $3\frac{1}{2}\%$ on all classes of paper of all maturities, effective November 14, 1931.

X-7024

FOREIGN BRANCHES OF AMERICAN
BANKING INSTITUTIONS

Bank of America National Trust & Savings Assn., San Francisco, Calif.

Branch: England London

Bankers Trust Company, New York, N. Y.

Branches: England: London
 France: Paris

Chase National Bank, New York, N. Y.

Branches: Cuba: Havana
 England: London (two offices)
 Panama: Panama City
 Canal Zone: Cristobal

Empire Trust Company, New York, N. Y. (Non-Member)

Branch: England: London

First National Bank, Boston, Mass.

Branches: Argentina: Avellaneda
 Buenos Aires (four offices)
 Rosario
 Cuba: Havana (three offices)
 Santiago
 Cienfuegos
 Sancti Spiritus

Guaranty Trust Company, New York, N. Y.

Branches: Belgium: Antwerp
 Brussels
 England: London (three offices)
 Liverpool
 France: Paris
 Havre

National City Bank of New York, New York, N. Y.

Branches: Argentina: Buenos Aires (three offices)
 Rosario
 Belgium: Antwerp
 Brussels
 Brazil: Pernambuco
 Rio de Janeiro
 Santos
 Sao Paulo
 Chile: Santiago
 Valparaiso
 China: Canton
 Dairen
 Hankow
 Harbin
 Hongkong

National City Bank of New York, New York, N. Y. (continued)

Branches:	China:	Moukden Peiping Shanghai Tientsin
	Colombia:	Bogota Cali Medellin
	Cuba:	Caibarien Camaguey Cardenas Ciego de Avila Cienfuegos Florida Guantanamo Havana (six offices) Holguin Manzanillo Matanzas Moron Nuevitas Palma Soriano Pinar del Rio Remedios Sagua la Grande Sancti Spiritus Santa Clara Santiago
	Dominican Republic:	Barahona La Vega Puerto Plata San Pedro de Macoris Santiago de Los Caballeros Santo Domingo City
	England:	London - City Branch West End Branch (City Bank Farmers Trust Co., 11 Water- loo Place, Ltd., a British Company handling trust oper- ations only, entire stock owned by National City Bank, New York, is also at this address)

National City Bank of New York, New York, N. Y. (continued)

Branches:	India:	Bombay Calcutta Rangoon
	Italy:	Genoa Milan
	Japan:	Kobe Osaka Tokio Yokohama
	Mexico:	Mexico City
	Panama:	Colon Panama City
	Peru:	Lima
	Philippine Islands:	Cebu Manila
	Porto Rico:	Arecibo Bayamon Caguas Mayaguez Ponce San Juan Santurce
	Straits Settlements:	Singapore
	Uruguay:	Montevideo
	Venezuela:	Caracas

BRANCHES OF FOREIGN BANKING CORPORATIONS OPERATING
UNDER EDGE ACT OR UNDER AGREEMENT WITH THE FEDERAL RESERVE BOARD

The Chase Bank, New York, N. Y. (Edge Act Corporation stock of which
is owned by the Chase National Bank
of New York.)

Branches:	China:	Shanghai Hongkong Tientsin
	France:	Paris (two offices)
	Mexico:	Mexico City

International Banking Corporation (Subsidiary of National City Bank of New York, N. Y.)

Branches: England: London
 Spain: Barcelona
 Madrid

 France: International Banking Corporation owns stock of National City Bank of New York, France, S. A., operating branches at:
 Paris (two offices)
 Nice

 Haiti: Bank of Haiti, Inc., subsidiary of the International Banking Corporation, holds stock of Banque Nationale de la Republique d'Haiti, operating at the following points in the Republic of Haiti.
 Port au Prince (Head Office)
 Aux Cayes
 Cape Haitian
 Gonaives
 Jacmel
 Jeremie
 Petit Goave
 Port de Paix
 St. Marc
 Aquain (Agency)
 Miragoane (Agency)
 Fort Liberte (Agency)

Federal Reserve Board,
 November 23, 1931.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7025

November 18, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions in
Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXCURATOR" has been designated to cover a new issue of Treasury Bills, dated November 23, 1931, and maturing February 24, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCULT" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7028

November 19, 1931.

SUBJECT: Expense, Main Lines, Leased Wire System,
October, 1931.

Dear Sir:

Enclosed herewith you will find two mimeographed statements, X-7028-a and X-7028-b, covering in detail operations of the main lines, Leased Wire System, during the month of October, 1931.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to the Federal Reserve Board.

Very truly yours,

Fiscal Agent.

Enclosures.

TO GOVERNORS OF ALL F. R. BANKS.

REPORT SHOWING CLASSIFICATION AND NUMBER OF WORDS TRANSMITTED OVER MAIN LINES
OF THE FEDERAL RESERVE LEASED WIRE SYSTEM FOR THE MONTH OF OCTOBER, 1931.

From	Business reported by banks	Words sent by New York chargeable to other F. R. Banks (1)	Net Federal reserve bank business	Percent of total bank business (*)
Boston	29,810	6,015	35,825	3.31
New York	204,150	-	204,150	18.86
Philadelphia	43,129	3,887	47,016	4.34
Cleveland	88,921	5,519	94,440	8.72
Richmond	76,438	5,060	81,498	7.53
Atlanta	60,438	8,816	69,254	6.40
Chicago	109,761	6,597	116,358	10.75
St. Louis	79,505	3,944	83,449	7.71
Minneapolis	39,225	6,182	45,407	4.19
Kansas City	89,598	4,741	94,339	8.71
Dallas	85,516	18,462	103,978	9.61
San Francisco	100,112	6,700	106,812	9.87
Total	1,006,603	75,923	1,082,526	100.00
F. R. Board business			314,957	1,397,483
Treasury Department business Incoming and Outgoing				<u>103,588</u>
Total words transmitted over main lines				1,501,071

(*) These percentages used in calculating the pro rata share of leased wire expense as shown on the accompanying statement (X-7028-b).

(1) Number of words sent by New York to other F. R. Banks for their sole benefit charged to banks indicated in accordance with action taken at Governors' Conference November 2 - 4, 1925.

REPORT OF EXPENSE MAIN LINES
FEDERAL RESERVE LEASED WIRE SYSTEM, OCTOBER, 1931.

Name of bank	Operators' salaries	Operators' overtime	Wire rental	Total expenses	Pro rata share of total expenses	Credits	Payable to Federal Reserve Board
Boston	\$260.00	\$ 1.00	\$ -	\$261.00	\$712.78	\$261.00	\$451.78
New York	1,134.15	3.00	-	1,137.15	4,061.33	1,137.15	2,924.18
Philadelphia	225.00	-	-	225.00	934.58	225.00	709.58
Cleveland	306.66	-	-	306.66	1,877.77	306.66	1,571.11
Richmond	190.00	-	230.00 (&)	420.00	1,621.52	420.00	1,201.52
Atlanta	270.00	-	-	270.00	1,378.18	270.00	1,108.18
Chicago	3,618.07 (#)	6.00	-	3,624.07	2,314.92	3,624.07	1,309.15 (*)
St. Louis	190.00	1.00	-	191.00	1,660.28	191.00	1,469.28
Minneapolis	201.13	-	-	201.13	902.28	201.13	701.15
Kansas City	287.50	-	-	287.50	1,875.62	287.50	1,588.12
Dallas	251.00	1.50	-	252.50	2,069.43	252.50	1,816.93
San Francisco	380.00	-	-	380.00	2,125.41	380.00	1,745.41
Federal Reserve Board	-	-	15,574.30	15,574.30	-	-	-
Total	\$7,313.51	\$12.50	\$15,804.30	\$23,130.31	\$21,534.10	\$7,556.01	\$15,287.24
				<u>1,596.21(a)</u>			<u>1,309.15 (b)</u>
				\$21,534.10			\$13,978.09

(&) Main line rental, Richmond-Washington.

(#) Includes salaries of Washington operators.

(*) Credit.

(a) Received \$1,596.21 from Treasury Department covering business for the month of October, 1931.

(b) Amount reimbursable to Chicago.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7029

November 19, 1931.

SUBJECT: Holidays during December, 1931.

Dear Sir:

The Havana Agency of the Federal Reserve Bank of Atlanta will be closed on Monday, December 7th, Cuban Memorial Day.

On Christmas Day the offices of the Federal Reserve Board and all Federal reserve banks and branches will be closed.

Please notify branches.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7030

November 23, 1931.

SUBJECT: Inquiries involving matters of System policy
or interest.

Dear Sir:

There is enclosed herewith, for your information, copy of a letter on the above subject, addressed to the Federal reserve agent at one of the Federal reserve banks, along the lines of which the Board is today addressing all Federal reserve agents.

The Board is desirous of discussing with the governors of the Federal reserve banks at their Conference beginning November 30 the question of the procedure outlined in this letter, and the matter is hereby made a topic for inclusion on the program of the Conference.

Very truly yours,

Chester Morrill,
Secretary.

Enclosure.

TO ALL GOVERNORS.

COPY

FEDERAL RESERVE BOARD

WASHINGTON

X-7030-a

November 23, 1931.

Dear Sir:

Recently one of the Federal Reserve Agents transmitted to the Federal Reserve Board a copy of a letter received by him from Harold L. Reed of the College of Arts and Sciences, Cornell University, Ithaca, New York, in regard to the policy of the Federal Reserve Bank in connection with paying out gold certificates. The Board was advised that the Federal Reserve Agent had acknowledged receipt of the letter, stating that it had been referred to the Federal Reserve Board for the reason that it involved a matter of System policy. Thereupon inquiry was made of the other Federal Reserve Agents as to whether they had received similar inquiries and as to the nature of the replies, if any, made thereto. You responded by telegraph on November 13 and transmitted to the Board a copy of a reply which had been made to such an inquiry from Mr. Reed as to the practice of the Federal Reserve Bank of -----.

It developed that all of the other Federal Reserve Agents also had received similar inquiries and had replied directly. The replies were more or less general in character, differing however in some respects.

It will be recalled that a circular letter had been sent to all Federal Reserve Agents on May 5, 1925, by the then Governor

of the Federal Reserve Board, outlining a procedure under which an inquiry of this character might have been dealt with uniformly. In the circumstances the Board suggests that in the future if inquiries of this or any other character are received at the banks involving matters of common concern to the System as a whole from the standpoint of policy, the replies to which would not be governed by any existing instructions or agreement as to the nature thereof, such inquiries be submitted to the Board with the suggestions of the Federal Reserve Agents as to the nature of the replies that should be made, so that consideration may be given to the matter involved, including the question whether the response should be made by each individual bank or by the Board for the System as a whole.

Very truly yours,

(Signed) Chester Morrill

Secretary.

C O P Y

X-7031

IN THE MUNICIPAL COURT OF PHILADELPHIA

CIVIL DIVISION

MORRIS WEBBER)	
)	March Term, 1931
vs.)	
)	No. 1417
FEDERAL RESERVE BANK)	
OF PHILADELPHIA.)	

MEMO. OPINION

LEWIS, J., November 17, 1931.

The plaintiff, holder of a check of \$500, payable to his order, and drawn on the Darby Bank and Trust Company, of Darby, Pennsylvania, endorsed it in blank, on the 5th day of January, 1931, and deposited it to his account with the Pennsylvania Company for Insurances on Lives and Granting Annuities. That company credited plaintiff's account conditionally with the amount of the check and forwarded the same to the Federal Reserve Bank of Philadelphia, the defendant, for collection. The defendant bank promptly sent the check, together with other items, to the drawee, Darby Bank and Trust Company, for payment. It received from that bank, in payment of the several items, a draft on the Philadelphia National Bank, the Darby Bank and Trust Company at the same time marking plaintiff's check "paid," and charging the account of the drawor on its books with the amount of the check. Before defendant presented the drawee bank's remittance draft to the Philadelphia

National Bank the drawee bank closed its doors and possession of its business and assets was taken over by the Secretary of Banking of the Commonwealth of Pennsylvania. Payment of the remittance draft was thereupon stopped, the defendant advised the Pennsylvania Company of that fact, and the latter company in turn notified the plaintiff of its inability to collect the check, and charged back the plaintiff's account on its books for the amount thereof. The plaintiff thereupon instituted this action of assumpsit against the defendant for the amount of the uncollected check, alleging in substance that in collecting the plaintiff's check the defendant was negligent in accepting payment therefor of the remittance draft of the drawee bank instead of cash. We now have before us this rule for judgment for want of a sufficient affidavit of defense for the purpose of testing the various defenses set up by the defendant bank.

These defenses may be summarized under three headings:

(1) By the terms of the depositor's agreement defendant is absolved from responsibility because of the acceptance by it of something other than cash, in payment of an item.

(2) That there is a custom of collecting banks, which custom is certain, uniform and reasonable, and justifies the acceptance by defendant of something in lieu of money, and therefore relieves the defendant from liability,

(3) That the acceptance by the defendant Federal Reserve Bank of an exchange draft in payment of a check, which

it holds for collection, does not constitute negligence, in view of the authority given it in Regulation J. (Series of 1930) of the Federal Reserve Board, and circular 477, issued by the Federal Reserve Bank of Philadelphia (Sept. 2, 1930).

The principal and controlling question raised by the pleadings may be stated as follows: Is a Federal Reserve Bank, in collecting checks endorsed and transmitted to it by a member bank, negligent when it accepts a draft, instead of cash, for the items transmitted to it for collection?

The general rule in Pennsylvania is that, apart from custom or agency or special authority, a bank in the collection of commercial paper has no right to accept in payment thereof anything except money. (See exhaustive note in 61 American Law Reports Annotated, page 739, and the Pennsylvania cases cited on page 742 of the note). Brady on Bank Checks (2nd Ed. p. 456, Sec. 282).

The Supreme Court of the United States, in 1924, decided the case of Federal Reserve Bank of Richmond vs Mayloy, 264 U. S., 160, which created considerable discussion and concern in banking circles because of the ruling therein announced. It was there held that if the bank responsible to the payee for the collection of a check surrenders the check to the drawee bank and accepts in payment an exchange draft of that bank which proves worthless, the collecting bank is liable to the payee of the check for the resulting loss.

The regulations of the Federal Reserve Board

authorized Federal Reserve Banks in handling checks forwarded to them for collection to send them direct to the banks on which they are drawn and accept the drawee's draft in payment. The Malloy case, (supra), held that such a regulation cannot be enlarged by implication to include authority to accept a draft of the drawee of a check in payment. To counteract the effect of this decision, Regulation J, Series of 1930, was promulgated, (superseding Series of 1924), and Circular 477, issued by the Federal Reserve Bank of Philadelphia, (September 2, 1930,) which regulation and circular declare that every bank sending checks to the reserve bank would be understood to have agreed to the terms and conditions therein stated authorizing the reserve bank to receive payment in cash or bank drafts for the collection items.

We think that these regulations are valid, and persons dealing with member banks of the Federal Reserve system are chargeable with knowledge of their existence, Louisville and Nashville Railroad Co. vs. Nashville Branch of the Federal Reserve Bank of Atlanta, 44 Bankers Law Journal, 665; Transcontinental Oil Co. vs. Federal Reserve Bank of Minnesota, (infra).

Bank of Wesleyville vs. Rose, 85 Pa. Super Co. 52, relied upon in support of plaintiff's contention, is not controlling, in view of the amendatory and supplementary regulations of the Federal Reserve Bank promulgated since that

case was decided. Moreover, in the present case the affidavit of defense avers knowledge of the Federal Reserve regulations on the part of the plaintiff depositor, limiting liability by the defendant. See Articles, "Some Aspects of Regulations of Federal Reserve Board and State Statutes authorizing Forwarding of Checks for Collection direct to Drawee Bank and Acceptance of Drafts in payment." 4 Wash. Law Rev. 39. Liability of Collecting Bank for Accepting Draft as Payment for Commercial Paper, 41 Harv. L. Rev. 249.

An illuminating statement upon this subject will be found in the opinion of that eminent scholar and jurist, Cordoza, C. J., in *Carson vs Federal Reserve Bank*, 254, N. Y. 218, where he states: "By the Federal Reserve Act, as first enacted in 1913, a reserve bank was authorized to collect only those checks which were drawn on member banks and which were deposited by a member bank or another reserve bank or the United States. (*Farmers Bank vs Federal Reserve Bank*, 262 U. S. 649.) Even then, however, the regulations of the Board provides: 'In handling items for member banks, a Federal Reserve Bank will act as agent only.' The statute was amended in September, 1916, (Section 13) so as to authorize a reserve bank to receive for collection from any member checks drawn on nonmember banks located in the district. The Board renewed its order that the relation should be one of agency In 1917 the statute was again

amended, this time by a provision that 'solely for the purposes of exchange or of collection,' a reserve bank may receive from a nonmember bank or trust company the checks payable upon presentation, upon condition that such nonmember bank or trust company maintain an adequate balance with the reserve bank of its district. (Act of Congress, June 21, 1917, ch. 32, Sec. 4). Collections were thus permissible both for members and for nonmembers."

The following statement of the Supreme Court of Minnesota in *Transcontinental Oil Co. v. Federal Reserve Bank of Minneapolis*, (1917) is significant:

"The defendant was employed by the plaintiff's authorized agent, the First National Bank of Chicago, to collect the checks. Such agent knew that the only terms and conditions upon which defendant would accept such employment were those of Regulation J., Series 1917, and Clearing and Collection Circular No. 193, and therefore must be held to have consented and agreed in behalf of plaintiff that not only the checks might be sent directly to the payer bank for collection, but also that such bank might remit to defendant by draft upon a bank in Minneapolis. Defendant is not compelled by law to collect checks or drafts for its member banks or for member banks of other Federal Reserve Banks. It is authorized to render such service under terms and conditions established

by the Federal Reserve Board and by its own regulations communicated to banking institutions who see fit to request the service."

Adopting and employing the language of Judge Cordoza in the Carson case (*supra*), as applicable to the present controversy, we repeat: "In the setting of this statute, Regulation J (Series 1930) was adopted by the Board and is now to be construed. It recites (in terms substantially the same as those of earlier regulations) that the Board, 'desiring to afford, both to the public and to the various banks of the country, a direct, expeditious and economical system of check collection and settlement of balances has arranged to have each Federal Reserve Bank exercise the functions of a clearing house and collect checks for such of its member banks as desire to avail themselves of its privileges', to which is added a recital that like privileges will be accorded to nonmember banks and trust companies qualifying in certain ways. It then proceeds to a statement of the terms and conditions on which business may be done. 'The Federal Reserve Board hereby authorizes the Federal Reserve Banks to handle such checks subject to the following terms and conditions, and each member and nonmember clearing bank which sends checks to any Federal Reserve Bank shall by such action be deemed (a) To authorize all Federal Reserve Banks to handle such checks subject to the following terms and conditions: (b) To warrant its own

authority to give a Federal Bank such authority, and (c) To agree to indemnify any Federal Reserve Bank for any loss resulting from the failure of such sending bank to have such authority.' Among the terms and conditions thus prescribed are these: 'A Federal Reserve Bank will act only as agent of the bank from which it receives such checks. A Federal Reserve Bank may present such checks for payment or send such checks for collection direct to the bank on which they are drawn,' or forward them 'to another agent'. 'A Federal Reserve Bank may *** at its option either directly or through an agent, accept *** bank drafts *** in lieu of cash, without being liable for any loss thereby resulting.' 'The amount of any check, for which payment, not actual and finally collected funds, is not received, shall be charged back to the forwarding bank regardless of whether or not the check itself can be returned.' Finally, each Federal Reserve Bank may promulgate its own regulations not inconsistent with law or with the regulations of the Board, and such regulations shall be binding upon member and nonmember banks availing of its privileges. Pursuant to the authority thus conferred the (defendant) made its own regulations (Circular 477, September 2, 1930), reaffirming the regulations adopted by the Board and supplementing them by others **** The regulations of the Board, reinforced by the defendant's circular, and assented to by the transmitting bank, are equivalent to an express agreement that as between the defendant and the other banks the relation engendered by the receipt of uncollected paper shall be an agency and nothing more."

The effect of the regulation was the same as though its provisions had been written on the face of the check, and therefore when the maker thereof did not specify cash payment, he agreed, as did the payee, that if the check were presented by or through a Federal Reserve Bank, the check might be payable by an exchange draft drawn by the payee bank on its reserve deposit.

See 46 Banking Law Journal 865; *Transcontinental Oil Co. v. Federal Reserve Bank Minn.* *Supra.*

The tremendous modern expansion of credit banking has disclosed the inadequacy of the rules of common law affecting banks and collection. A striking recognition of this situation is found in the Bank Collection Act of 1931 (Act of General Assembly of the State of Pennsylvania, 1931, No. 198), which allows the collecting bank to send the item directly to the payor bank and accept a draft or credit in payment.

The provisions of that act are not retroactive, hence not applicable to the present case.

We are of the opinion and so hold that the acceptance by a Federal Reserve bank of an exchange draft in payment of a check drawn on a State bank and which it holds for collection, does not constitute negligence. It will, therefore, be unnecessary for us to pass upon the other points made by the defendant in its Affidavit of Defense and under the heading of New Matter. See Sec. 283 Brady on Bank checks p. 458, and 1929 Supplement p. 150, Sec. 283, and cases cited.

Another problem has confronted the Court, that is, whether

an Affidavit of Defense is required in an action of assumpsit which is essentially ex delicto. In view of the fact that this matter has not been called to the attention of the Court in the arguments so ably made by counsel representing both parties, the Court deems it sufficient to simply refer to the following authorities: Corry v. Penna. R. R. 194 Pa. 516 Parry v. First National Bank of Lensford, 270 Pa. 556; Smith's Pennsylvania Practice Act, page 267 Wilson v. Adams Express Co., 72 Pa. Sup. Ct. 384-387 (1919) Arram's Pennsylvania Practice Act of 1915, page 212; Stewart v. First Mortgage Guaranty and Trust Co. 24 Dist. 927; Marcus v. Bank, 12 Lackawanna, 266; Cosgrove v. R. R., 16 Dist. Reports 161; 33 Co. Court 613; Southern R. R. v. Hull, 46 Pa. Sup. Ct. 299; Cowan v. Nagel, 89 Pa. Sup. Ct. 122; Coyle v. Schrull, 49 Pa. Sup. Ct. 386 - and the authorities are generally to the effect that where the cause of action is of a mixed character containing elements of contract and of tort, an affidavit of defense is not required, although the action is assumpsit.

The actions of assumpsit for which judgment may be taken for want of an affidavit of defense are limited to such as are on contract alone, and do not include cases in which the cause of action is exdelicto.

The rule for judgment must be discharged.

J.

FEDERAL ADVISORY COUNCIL

1931

Officers:

Walter W. Smith, President
 Melvin A. Traylor, Vice President
 Walter Lichtenstein, Secretary

Executive Committee:

----- Howard A. Loeb
 Walter W. Smith Walter S. McLucas
 George H. Prince Melvin A. Traylor

M E M B E R SDistrict.

No. 1	Herbert K. Hallett	Atlantic National Bank, Boston, Massachusetts.
No. 2	Robert H. Treman	Tompkins County National Bank, Ithaca, New York.
No. 3	Howard A. Loeb	Tradesmens National Bank & Trust Co., Philadelphia, Pa.
No. 4	J. A. House	Guardian Trust Company, Cleveland, Ohio.
No. 5	John Poole	Federal American National Bank, Washington, D. C.
No. 6	John K. Ottley	First National Bank, Atlanta, Ga.
No. 7	Melvin A. Traylor	First National Bank, Chicago, Illinois.
No. 8	Walter W. Smith	First National Bank, St. Louis, Missouri.
No. 9	George H. Prince	First National Bank, St. Paul, Minn.
No. 10	Walter S. McLucas	Commerce Trust Company, Kansas City, Missouri.
No. 11	J. H. Frost	Frost National Bank, San Antonio, Texas.
No. 12	Henry M. Robinson	Security-First National Bank, Los Angeles, California.

Address of Mr. Lichtenstein, 38 South Dearborn Street, Chicago, Illinois.

November 17, 1931.

COPY

X-7034

October 27, 1931

Federal Reserve Board

Topics for joint conference of

Mr. Smead

Governors and F. R. Agents

The Board's letter X-6940 of August 11 requested each Federal reserve bank to advise the Federal Reserve Board, in advance of the next joint conference of Governors and Agents, of its total expense in handling securities of member banks for safekeeping during the year 1930, or as close an estimate of such expense as could be made. The figures furnished by the Federal reserve banks are as follows:

Boston	\$12,486	Chicago	\$30,000
New York	138,000	St. Louis	13,350
Philadelphia	50,000	Minneapolis	39,380
Cleveland	*	Kansas City	25,000
Richmond	4,000	Dallas	4,400
Atlanta	#2,400	San Francisco	500
		Total (11 banks)	319,516

*Bank states that it seems impossible fairly to estimate the expense but that if the entire cost of the Custodies Function were taken, plus considerable portions of the cost of Protection, Registered Mail, and Non-Cash Collection Functions, a substantial amount would be arrived at easily in excess of \$100,000. However, if safekeeping for member banks were discontinued the positive savings would not exceed \$1,000 per year.

#Estimated savings if the safekeeping function were discontinued.

An examination of the replies to the Board's letter which are attached hereto indicates that the figures furnished by the several banks do not represent in many instances costs of the same operations. Some banks confined their estimates to a portion of the cost of operating the Securities function, while others, in addition, included some of the expenses of the Non-cash Collection, Registered Mail, Filing, Accounting, Auditing, and General Overhead functions, under the theory that such expenses are an out-

growth of the banks' safekeeping operations. For example, the reserve banks clip all the coupons on bonds held in safekeeping and then, acting on instructions from member banks, send most of them out for collection. This adds materially to the expense of the Non-cash Collection function.

For the Board's information, therefore, there is shown below the cost of operating the Vault Custody unit of the Securities function at each Federal reserve bank. These figures, which were compiled from the semi-annual functional expense reports furnished the Board, represent the cost of receiving, vaulting, coupon cutting and delivery of securities and the maintenance of the immediate vault records thereof. While these figures are thought to be a reasonably satisfactory measure of the cost of the safekeeping service, two points should be borne in mind. (1) They include the cost of handling securities owned by the bank or held as collateral for rediscounts, also securities held in safekeeping for Government and other officials. These securities are largely Government obligations and consequently the cost of handling them is relatively small. (2) The figures do not include any expenses connected with this service incurred elsewhere in the bank, for example, in the Registered Mail, Filing, Auditing and Non-cash units. In case the Federal reserve banks discontinued the safekeeping service for member banks there would be some reduction in these costs although the reduction would no doubt be small if member banks continued to use the Federal reserve banks for collecting maturing securities and coupons.

Expense during 1930 at each F. R. Bank (including branches) of the Vault Custody unit of the Securities function

Boston	\$15,598	Chicago	\$23,385
New York	124,218	St. Louis	13,341
Philadelphia	42,692	Minneapolis	11,583
Cleveland	21,672	Kansas City	10,651
Richmond	8,589	Dallas	8,794
Atlanta	6,112	San Francisco	<u>2,931</u>
		Total	289,566

The amount of securities held in custody for the account of member banks by each Federal reserve bank may be helpful to the Board in this connection and accordingly such amounts are given below. In a few instances the figures, which were taken from the most recent examination reports available, include certain securities held in safekeeping for Government, State and municipal officials, nonmember par-remitting banks, etc.

Amount of securities held in safekeeping for member banks, etc., by each F.R. Bank (including branches)

Boston	(11-15-30)	\$169,685,000	Chicago	(7-18-31)	\$224,141,000
New York	(4-11-31)	520,863,000	St. Louis	(1-24-31)	44,936,000
Philadelphia	(12- 6-30)	271,798,000	Minneapolis	(2-17-31)	113,305,000
Cleveland	(3- 7-31)	164,477,000	Kansas City	(6-30-31)	141,488,000
Richmond	(3-24-31)	47,258,000	Dallas	(1- 6-31)	29,765,000
Atlanta	(10- 4-30)	44,906,000	San Francisco	(6- 6-31)	<u>5,223,000</u>
			Total		1,777,845,000

Deputy Governor Attebery of the St. Louis bank states that the following appears upon each acknowledgement issued to member banks covering securities left for safekeeping:

"Theft, burglary and holdup insurance carried by the Federal Reserve Bank of St. Louis is in a limited amount and covers money and negotiable securities owned by the bank in addition to securities held for safekeeping. In the event of loss, the amount recovered through insurance will first be applied against loss of Federal Reserve Bank property and only the excess will be available for pro rata distribution against losses of member banks. If a member bank desires insurance protection in addition to that outlined above, it must arrange the same direct with its own insurance companies."

In his letter to the Board, Governor Calkins stated that he thought it would be helpful to the Federal reserve banks if the Board would inform them concerning the circumstances under which the loss referred to in Board's letter X-6940-a was sustained.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7036

November 27, 1931.

SUBJECT: Date of closing of polls and of mailing of ballots
in elections of Class A and Class B directors.

Dear Sir:

In connection with the elections of Class A and Class B directors of Federal reserve banks, the question has recently been raised whether the polls should remain open for a period of fifteen days only, or whether the period should be extended for a sufficient number of days to allow for the transmission of the ballots through the mails and the date of closing the polls fixed accordingly.

Before expressing an opinion upon this question, the Federal Reserve Board wishes to secure information as to the practice of each Federal reserve bank; and you are requested, therefore, to advise the Board what is your present practice in this respect and whether this practice has been consistently followed in the past. In this connection also please state whether the lists of candidates are mailed to all voting member banks at the same time, in which event they may reach the banks on different dates, or whether they are mailed at different times according

to a schedule which will cause them to be received by all voting member banks on the same date. If it is your custom to send the lists of candidates to the voting member banks by registered mail, return receipts requested, or to use any other method of obtaining information as to the dates upon which the lists of candidates are actually received by the banks, a statement as to your practice in this regard will be appreciated.

After the information requested on this subject has been received from all Federal reserve banks, the Federal Reserve Board will give consideration to the matter with a view to securing a uniformity of procedure on these points, if this seems desirable. The Board will be glad to have any comments or suggestions which you may care to submit in this connection.

By order of the Federal Reserve Board.

Very truly yours,

Chester Morrill,
Secretary.

TO THE CHAIRMEN OF ALL FEDERAL RESERVE BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7037

November 28, 1931.

SUBJECT: Code Word to cover Telegraphic Transactions in
Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXDABBER" has been designated to cover a new issue of Treasury Bills, dated November 30, 1931, and maturing March 2, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXCURATOR" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

BUDGET AND EXPENDITURES

To.....1932.

X-7039

GENERAL

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$ 5,000.00	\$ 416.67			
<u>Non-personal Services:</u>					
Supplies and Materials	300.00	25.00			
Subsistence Expenses	500.00	41.67			
Transportation Expenses	500.00	41.67			
Communication Service	10,000.00	833.33			
Prtg., Engr., Bind., Etc.	40,000.00	3,333.33			
Heat & Light	900.00	75.00			
Rent - Building	16,125.00	1,343.75			
Rent - Equipment	54.00	4.50			
Repairs - Equipment	40.00	3.33			
Equipment	200.00	16.67			
Special & Miscellaneous	500.00	41.67			
Total non-personal services.....	69,119.00	5,759.92			
Complete Total.....	74,119.00	6,176.58			

Remarks:

BUDGET AND EXPENDITURES

To.....1932.

X-7039

BOARD MEMBERS

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$120,020.00	\$10,001.67			
<u>Non-personal Services:</u>					
Supplies & Materials	150.00	12.50			
Subsistence Expenses	1,000.00	83.33			
Transportation Expenses	1,500.00	125.00			
Communication Service	1,000.00	83.33			
Ptg., Engr., Bindg., Etc.	150.00	12.50			
Repairs - Equipment	50.00	4.17			
Equipment	900.00	75.00			
Special & Miscellaneous	100.00	8.33			
Total non-personal services.....	4,850.00	404.17			
Complete Total.....	124,870.00	10,405.83			

Remarks:

BUDGET AND EXPENDITURES

to1932.

X-7039

COMBINED STATEMENT

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$658,060.00	\$54,838.33			
<u>Non-personal Services:</u>					
Supplies & Materials	5,850.00	487.50			
Subsistence Expenses	50,900.00	4,241.67			
Transportation Expenses	21,250.00	1,770.83			
Communication Service	17,450.00	1,454.17			
Prtg., Engr., Bind., Etc.	43,150.00	3,595.83			
Heat and Light	900.00	75.00			
Rents - Building	16,125.00	1,343.75			
Rents - Equipment	54.00	4.50			
Repairs - Equipment	735.00	61.25			
Equipment	7,450.00	620.83			
Special & Miscellaneous	2,395.00	199.58			
Total non-personal services.....	166,259.00	13,854.92			
Complete Total.....	824,319.00	68,693.25			

Remarks:

BUDGET AND EXPENDITURES

To.....1932.

X-7039

OFFICE OF GENERAL COUNSEL

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$ 38,587.00	\$ 3,215.00			
<u>Non-personal Services:</u>					
Supplies & Materials	150.00	12.50			
Subsistence Expenses	150.00	12.50			
Transportation Expenses	300.00	25.00			
Communication Service	400.00	33.33			
Prtg., Engr., Bind., Etc.	50.00	4.17			
Repairs - Equipment	25.00	2.08			
Equipment	1,250.00	104.17			
Special & Miscellaneous	125.00	10.42			
Total non-personal services.....	2,450.00	204.17			
Complete Total.....	41,030.00	3,419.17			

Remarks:

BUDGET AND EXPENDITURES

To.....1932.

X-7039

OFFICE OF FISCAL AGENT

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$ 11,300.00	\$ 941.67			
<u>Non-personal Services:</u>					
Supplies & Materials	50.00	4.17			
Communication Service	100.00	8.33			
Prtg., Engr., Bind., Etc.	50.00	4.17			
Repairs - Equipment	20.00	1.67			
Equipment	100.00	8.33			
Special & Miscellaneous	20.00	1.67			
Total non-personal services.....	340.00	28.33			
Complete Total.....	11,640.00	970.00			

Remarks:

594

BUDGET AND EXPENDITURES

To.....1932.

X-7039

DIVISION OF BANK OPERATIONS

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$ 73,240.00	\$ 6,103.33			
<u>Non-personal Services:</u>					
Supplies & Materials	1,500.00	125.00			
Subsistence Expenses	1,800.00	150.00			
Transportation Expenses	750.00	62.50			
Communication Service	1,700.00	141.67			
Prtg., Engr., Bind., etc.	1,100.00	91.67			
Repairs - Equipment	150.00	12.50			
Equipment	800.00	66.67			
Special & Miscellaneous	150.00	12.50			
Total non-personal services.....	7,950.00	662.50			
Complete Total.....	81,190.00	6,765.83			

Remarks:

969

BUDGET AND EXPENDITURES

To.....1932.

DIVISION OF RESEARCH & STATISTICS

X-7039

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$122,400.00	\$10,200.00			
<u>Non-personal Services:</u>					
Supplies & Materials	1,100.00	91.67			
Subsistence Expenses	250.00	20.83			
Transportation Expenses	500.00	41.67			
Communication Service	2,600.00	216.67			
Prtg., Engr., Bind., etc.	750.00	62.50			
Repairs - Equipment	150.00	12.50			
Equipment	2,500.00	208.33			
Special & Miscellaneous	750.00	62.50			
Total non-personal services.....	8,600.00	716.67			
Complete Total.....	131,000.00	10,916.67			

Remarks:

BUDGET AND EXPENDITURES

To.....1932.

SECRETARY'S OFFICE
(Combined)

X-7039

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$128,300.00	\$10,691.67			
<u>Non-personal Services:</u>					
Supplies & Materials	1,800.00	150.00			
Subsistence Expenses	200.00	16.67			
Transportation Expenses	200.00	16.67			
Communication Service	1,400.00	116.67			
Prtg., Engr., Bind., etc.	400.00	33.33			
Repairs - Equipment	200.00	16.67			
Equipment	750.00	62.50			
Special & Miscellaneous	200.00	16.67			
Total non-personal services.....	5,150.00	429.17			
Complete Total.....	133,450.00	11,120.83			

Remarks:

597

BUDGET AND EXPENDITURES

To.....1932.

X-7039

DIVISION OF EXAMINATION

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$ 98,200.00	\$ 8,183.33			
<u>Non-personal Services:</u>					
Supplies & Materials	500.00	41.67			
Subsistence Expenses	47,000.00	3,916.67			
Transportation Expenses	17,500.00	1,458.33			
Communication Service	150.00	12.50			
Prtg., Engr., Bind., etc.	400.00	33.33			
Repairs - Equipment	50.00	4.17			
Equipment	300.00	25.00			
Special & Miscellaneous	500.00	41.67			
Total non-personal services.....	66,400.00	5,533.33			
Complete Total.....	164,600.00	13,716.67			

Remarks:

598

BUDGET AND EXPENDITURES

To.....1932.

X-7039

DIVISION OF ISSUE AND REDEMPTION

Objects of Expenditure	Budget for year	Budget for one month	Expenditures & commitments for year to date	Balance available for remainder of year	Estimated expenditures & commitments during remainder of year
<u>Personal Services:</u>	\$ 61,020.00	\$ 5,085.00			
<u>Non-personal Services:</u>					
Supplies & Materials	300.00	25.00			
Communication Service	100.00	8.33			
Prtg., Engr., Bind., etc.	250.00	20.83			
Repairs - Equipment	50.00	4.17			
Equipment	650.00	54.17			
Special & Miscellaneous	50.00	4.17			
Total non-personal services.....	1,400.00	116.67			
Complete Total.....	62,420.00	5,201.67			

Remarks:

Summary of Bill
(H. R. 5060 - 72nd Congress, 1st Session.)

"To provide emergency financing facilities for banks and other financial institutions, and for other purposes".

The bill (H. R. 5060) would create a corporation, with capital of \$500,000,000, all subscribed by the United States of America, and with authority to issue, and to have outstanding at any one time in an amount aggregating not more than \$1,500,000,000, its notes, debentures, bonds, or other such obligations.

The Corporation will be known as the "Reconstruction Finance Corporation." Its Board of Directors will consist of the Secretary of the Treasury, the Governor of the Federal Reserve Board, and the Farm Loan Commissioner, who shall be members ex-officio, and two other persons appointed by the President, each for a term of five years, by and with the advice and consent of the Senate.

The Corporation will be authorized to make loans, upon such terms and conditions as it may determine, to any bank, banker, savings bank, trust company, clearing house or other association of banking institutions, building and loan association, insurance company, or other financial institution in the United States. All such loans must be fully and adequately secured in such manner as the Corporation shall require, and they will be made at such interest or discount rates as the Corporation may approve.

The Corporation may make loans at any time prior to the expiration of one year from the date of enactment of the bill, but it is provided that the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment of the bill. The loans of the Corporation may be made for periods not exceeding three years, with authority to grant extensions from time to time up to five years from the dates on which the loans were originally made.

In addition, the bill provides that, within the limitations referred to, the Corporation may make loans to or aid in the temporary financing of steam railroads engaged in interstate commerce, when in the opinion of the Board of Directors of the Corporation such railroads are unable to obtain funds upon reasonable terms through banking channels or from the general public and the corporation will be adequately secured.

The maturity of notes, debentures, bonds, or other such obligations of the Corporation cannot exceed five years from their respective dates of issue, and short term obligations, payable at maturity without interest, may be sold on a discount basis. The obligations of the Corporation, which will be exempt from all Federal, state, municipal or local taxation, may be secured by assets of the Corporation in such manner as may be prescribed by its Board of

Directors. Except with respect to real property owned by it, the Corporation, including its franchise, capital, reserves, surplus and income, will also be exempt from taxation.

If the Corporation should be unable to pay upon demand, when due, the principal of, or interest on, its obligations, the Secretary of the Treasury is required to pay the amount thereof, which is authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated.

It is provided that the Federal reserve banks shall have the same powers (1) to discount notes, drafts, and bills of exchange secured by the obligations of the Corporation, (2) to make advances to member banks on their notes secured by such obligations, (3) to use all paper so acquired, and (4) to purchase and sell such obligations, as they have with respect to bonds and notes of the United States. The rate at which any such discount or advance may be made by any Federal reserve bank shall be one per cent per annum above its discount rate on 90-day commercial paper.

Loans obtained by national banks from the Corporation are excepted from the limitation contained in Section 5202 of the Revised Statutes on the liabilities of national banks.

The Federal reserve banks also are authorized and directed to act as depositaries, custodians, and fiscal agents for the Corporation, and the Treasury Department, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission may make available to the Corporation in confidence reports, records, or other information relating to the financial institutions or railroads with which it has, or contemplates having, transactions under the Act. These agencies also may, through their examiners, make examinations of such institutions or railroads for the confidential use of the Corporation. In addition, the Corporation may avail itself of the services, facilities, offices, and employees of other branches of the Government service, with their consent.

All moneys of the Corporation not otherwise employed may be deposited with the Treasurer of the United States, or in any Federal reserve bank, or may be used in the purchase or redemption of the Corporation's obligations. When designated for the purpose by the Secretary of the Treasury, the Corporation is required to act as a depositary of public money, except receipts from customs; and it may also be employed as a financial agent of the Government. The obligations of the Corporation will be lawful investments, and may be accepted as security, for all fiduciary, trust and public funds the investment or deposit of which is under the authority or control of the United States or any of its officers.

The bill contains various penalty provisions, prohibits any

other organization from using the words "Reconstruction Finance Corporation", and authorizes the use of the Secret Service in connection with possible violations of the criminal provisions of the Act. The bill also contains provisions relating to the appointment and compensation of its personnel, the adoption of by-laws, and the payment of its expenses. The Corporation is required annually to make a report of its operations to the Congress as soon as practicable after the first day of January in each year.

Upon the expiration of the period during which it may make loans, the Corporation is required to proceed to liquidate its assets and wind up its affairs, and the bill prescribes the procedure to be followed in connection with the retirement of its capital stock and the payment of its funds into the Treasury. If, at the expiration of ten years, the liquidation of the Corporation's assets has not been completed, the duty of winding up the Corporation's affairs will be transferred to the Secretary of the Treasury.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDX-7041
December 9, 1931.

SUBJECT: Code words to cover telegraphic transactions in Treasury Certificates of Indebtedness and Treasury Notes.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the following code words have been designated to cover new issues of Treasury Certificates of Indebtedness and Treasury Notes:

- "NOWHIP" 2 3/4% Treasury certificates of indebtedness, Series TJ-1932, to be dated December 15, 1931, due June 15, 1932.
- "NOWHIRE" 3% Treasury certificates of indebtedness, Series TS2-1932, to be dated December 15, 1931, due September 15, 1932.
- "NOWHUFF" 3 1/4% Treasury notes, Series 1932, to be dated December 15, 1931, due December 15, 1932.

The code words "NOWHIP" and "NOWHIRE" should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOWHINT" on page 172, while the code word "NOWHUFF" should follow the code word "NOWHOUSE" on page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

C O P Y

X-7043

K

JFA MCC

December 2, 1931.

Mr. Fred F. Ressonner, Receiver,
Peoples National Bank,
Pulaski, N. Y.

Dear Sir:

You have been telegraphed today as follows:

"Where pursuant to provisions of Uniform Bank Collection Code or similar State law, Federal Reserve Bank, or other agent collecting bank elects within a reasonable time to treat as dishonored by nonpayment items which have been charged against balances in your bank and remittance, draft for which has either not been issued, or, if issued, has not been paid, you are authorized to surrender the original items involved to the forwarding bank as you found them without affixing or canceling paid stamps or perforations, provided forwarding bank agrees to furnish you without cost photostatic copies of such items for your records. Where items to be returned were charged to depositors' accounts, but not stamped or perforated paid by bank, the following legend signed by you as Receiver of your bank or as Examiner in Charge, as the case may be, should be placed thereon by rubber stamp, or otherwise, before surrendering, quote, I certify that the books and records of this bank evidence that this item was charged to the drawer's account prior to suspension. Unquote. Do not reverse charges made to drawers' accounts. Where electing banks desire items protested locally you are authorized to have this done as their agent and at their expense."

This telegram is hereby confirmed.

Very truly yours,

(Signed) F. G. Awalt

F. G. AWALT,
Deputy Comptroller.

C O P Y

X-7043-a

FEDERAL RESERVE BANK
OF RICHMOND

November 21, 1931

Federal Reserve Board,
Washington, D. C.Attention: Mr. Walter Wyatt, General Counsel.

Dear Mr. Wyatt:

I should have been much more prompt in replying to your letter of November 6th upon the subject of legal and practical problems arising under the Bank Collection Code. My reason for delaying was that when your letter was received we had already written letters to other Federal reserve banks asking them to let us know what course they were following in handling such matters, and I thought it best to delay my reply to you until I could send you copies of the answers which we received, knowing that you would be interested in having a complete picture of what the different Federal reserve banks were doing in this matter.

We have not as yet received replies from all banks and the recent developments will probably of necessity make the replies which we have received of little interest.

At the same time that we wrote to the other banks I wrote to Mr. Awalt, Deputy Comptroller, stating in substance that I agreed with his office in thinking that the provisions concerning preferences in the Bank Collection Code could not apply to national banks, although, of course, I would not commit myself to any irrevocable admission of that proposition. I also agreed with his office in thinking that possession of the check was of no material consequence in any suit between the parties to it, as possession could constitute only a prima facie evidence of right, which could be rebutted by either side, and the ultimate decision must always depend upon the acts which were done and the applicability of the code to such acts.

Since the Comptroller had offered to have photostatic copies made of all checks at the expense of Federal reserve banks I requested Mr. Awalt as a tentative course to allow all checks to be returned to us upon the agreement that we would have the photostatic copies made in our office and return the originals to the receivers. This suggestion was made, of course, only because many receivers are operating in towns where photostatic copies cannot be made at all or where the charges by local photographers would be excessive, and since this bank has machinery for making photostatic copies in its own office, it can make them at very slight expense. I also requested Mr. Awalt to consider this proposition: That since the possession of the check was, as a matter of law, not essential, the receiver would be as well off with a photostat as with the original, but the business public were in the habit of attaching much importance to actual possession of the instrument and that consequently the sending of a photostat to a commercial bank or a business man would not be as satisfactory as returning the original, and I therefore asked

Mr. Walter Wyatt,
Federal Reserve Board,
Washington, D. C.

X-7043-a

- 2 -

November 21, 1931

him to consider modifying his position to the extent of allowing us to return the photostats to the receivers for their files, surrendering the originals to our endorsers.

We have today received a telegram from the Comptroller's office, which I understand has been sent to all Federal reserve banks, stating that in future the original checks will be returned to the forwarding banks when the return is requested with reasonable diligence and protest will be made if requested by the forwarding banks, but the forwarding banks will be required to agree to have photostatic copies made at their own expense and to return such photostatic copies to the receivers.

This arrangement is naturally as satisfactory to us as if the checks were returned unconditionally, as the expense of making photostatic copies in our own plant for the use of the receivers is too trivial to be of moment.

It seems to me that this concession made by the Comptroller is an exceedingly happy solution of the operating problems arising out of the Bank Collection Code. I have suggested to the officers of this bank that in future they either immediately elect to treat as dishonored and demand the return of all checks in the case of a failure of a national bank, or, if they feel that they should allow endorsers some opportunity of expressing their wishes, that on the failure of any national bank they notify endorsers that we will elect to treat as dishonored and procure the return of all checks unless definite instructions to the contrary are received by us on a specified date. Personally, I feel quite sure that the adoption of the latter course will mean that very few, if any, instructions will be received to prove claims, as nearly all endorsers will either do nothing or prefer to have the checks returned.

Referring particularly to your suggestion as to the conference with Counsel, it seems to me when I received your letter that matters had not reached a point at which a conference would be desirable because there were too many questions involved which could not be settled by such a conference. It now seems to me that a conference is unnecessary as claims of this character against state banks are of necessity so involved with local conditions that I do not believe a uniform course of procedure could be successfully adopted. As far as national banks are concerned I believe that all operating difficulties will be eliminated by the new ruling of the Comptroller's office, and the only important questions involved are those of pure law; that is to say, whether or not the code is valid and applicable to a national bank. That question cannot be finally settled except in a suit by a holder against the drawer or an endorser, and when the question is so raised the final word would only be spoken by certain august gentlemen at the other end of the avenue and any resolution of our conference upon it would probably not be very seriously regarded.

Very truly yours,

(SIGNED) M. G. Wallace

M. G. Wallace,
Counsel.

MGW R

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7045

December 17, 1931.

SUBJECT: Expense, Main Lines, Leased Wire System,
November, 1931.

Dear Sir:

Enclosed herewith you will find two mimeographed statements, X-7045-a and X-7045-b, covering in detail operations of the main lines, Leased Wire System, during the month of November, 1931.

Please credit the amount payable by your bank in the general account, Treasurer, U. S., on your books, and issue C/D Form 1, National Banks, for account of "Salaries and Expenses, Federal Reserve Board, Special Fund", Leased Wire System, sending duplicate C/D to the Federal Reserve Board.

Very truly yours,

Fiscal Agent.

Enclosures.

TO GOVERNORS OF ALL F. R. BANKS.

REPORT SHOWING CLASSIFICATION AND NUMBER OF WORDS TRANSMITTED OVER MAIN LINES
OF THE FEDERAL RESERVE LEASED WIRE SYSTEM FOR THE MONTH OF NOVEMBER, 1931.

From	Business reported by banks	Words sent by New York chargeable to other F. R. Banks (1)	Net Federal reserve bank business	Percent of total bank business (*)
Boston	24,281	2,563	26,844	3.30
New York	133,723	-	133,723	16.41
Philadelphia	28,926	1,846	30,772	3.78
Cleveland	64,397	2,754	67,151	8.24
Richmond	53,760	1,805	55,565	6.82
Atlanta	50,958	5,999	56,957	6.99
Chicago	85,755	3,013	88,768	10.89
St. Louis	64,864	1,835	66,699	8.19
Minneapolis	31,798	6,285	38,083	4.67
Kansas City	77,419	2,462	79,881	9.80
Dallas	65,824	13,046	78,870	9.68
San Francisco	87,483	4,035	91,518	11.23
Total	769,188	45,643	814,831	100.00
F. R. Board business			281,048	1,095,879
Treasury Department business Incoming and Outgoing				<u>92,088</u>
Total words transmitted over main lines.				1,187,967

(*) These percentages used in calculating the pro rata share of leased wire expense as shown on the accompanying statement (X-7045-b).

(1) Number of words sent by New York to other F. R. Banks for their sole benefit charged to banks indicated in accordance with action taken at Governors' Conference November 2 - 4, 1925.

REPORT OF EXPENSE MAIN LINES
FEDERAL RESERVE LEASED WIRE SYSTEM, NOVEMBER, 1931.

Name of bank	Operators' salaries	Operators' overtime	Wire rental	Total expenses	Pre rata share of total expenses	Credits	Payable to Federal Reserve Board
Boston	\$260.00	\$ -	\$ -	\$260.00	\$704.46	\$260.00	\$444.46
New York	1,134.15	-	-	1,134.15	3,503.06	1,134.15	2,368.91
Philadelphia	225.00	-	-	225.00	806.92	225.00	581.92
Cleveland	306.66	-	-	306.66	1,759.00	306.66	1,452.34
Richmond	225.00	-	230.00 (&)	455.00	1,455.87	455.00	1,000.87
Atlanta	270.00	-	-	270.00	1,492.17	270.00	1,222.17
Chicago	3,599.20 (#)	5.00	-	3,604.20	2,324.70	3,604.20	1,279.50 (*)
St. Louis	200.00	-	-	200.00	1,748.33	200.00	1,548.33
Minneapolis	200.00	-	-	200.00	996.91	200.00	796.91
Kansas City	278.50	-	-	278.50	2,092.02	278.50	1,813.52
Dallas	251.00	1.50	-	252.50	2,066.40	252.50	1,813.90
San Francisco	380.00	-	-	380.00	2,397.28	380.00	2,017.28
Federal Reserve Board	-	-	15,574.93	15,574.93	-	-	-
Total	\$7,329.51	\$6.50	\$15,804.93	\$23,140.94	\$21,347.12	\$7,566.01	\$15,060.61
				1,793.82(a)			1,279.50 (b)
				\$21,347.12			\$13,781.11

(&) Main line rental, Richmond-Washington.

(#) Includes salaries of Washington operators.

(*) Credit.

(a) Received \$1,793.82 from Treasury Department covering business for the month of November, 1931.

(b) Amount reimbursable to Chicago.

X-7046

STATEMENT OF BUREAU OF ENGRAVING AND PRINTING

Federal Reserve Notes, Series 1928.

November 1 to 30, 1931.

	<u>\$5</u>	<u>\$10</u>	<u>\$20</u>	<u>\$100</u>	<u>Total Sheets</u>	<u>Amount</u>
Boston	33,000	32,000	-	-	70,000	\$ 6,475.00
New York	156,000	84,000	-	-	240,000	22,200.00
Philadelphia	60,000	24,000	18,000	-	102,000	9,435.00
Cleveland	38,000	42,000	10,000	-	90,000	8,325.00
Atlanta	34,000	18,000	10,000	-	62,000	5,735.00
St. Louis	-	-	-	9,000	9,000	832.50
Kansas City	10,000	-	-	-	10,000	925.00
Dallas	-	10,000	17,000	-	27,000	2,497.50
San Francisco	150,000	81,000	-	-	231,000	21,367.50
	<u>486,000</u>	<u>291,000</u>	<u>55,000</u>	<u>9,000</u>	<u>841,000</u>	<u>\$ 77,792.50</u>

841,000 sheets, @ \$2.50 per M, \$ 77,792.50

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7047

December 21, 1931.

SUBJECT: Holidays during January, 1932.

Dear Sir:

On New Year's Day there will be neither Gold Fund nor Federal reserve note clearing, and the books of the Board will be closed.

In addition, the following Federal Reserve Banks and Branches will observe holidays during the month of January:

Friday	January 8	New Orleans	Anniversary of the Battle of New Orleans
Tuesday	January 19	Richmond Charlotte Atlanta Birmingham Nashville Jacksonville Louisville Memphis Dallas El Paso Houston San Antonio	Birthday of General Robert E. Lee
Thursday	January 28	Havana Agency	Birthday of Jose Marti

On the dates indicated, the Banks affected will not participate in either the Gold Fund or the Federal reserve note clearing. Please include credits for the offices affected on each of the holidays with your credits in the Gold Fund clearing for the following business day, and make no shipment of Federal Reserve

-2-

notes, fit or unfit, for account of the Federal Reserve Banks
of Richmond, Atlanta and Dallas, on January 19th.

Please notify branches.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F.R.BANKS.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7051

December 30, 1931.

SUBJECT: New Issue Treasury Bills.

Dear Sir:

In connection with telegraphic transactions in Government securities between Federal reserve banks, the code word "NOXDAIS" has been designated to cover a new issue of Treasury Bills, dated December 30, 1931, and maturing March 30, 1932.

This word should be inserted in the Federal reserve telegraph code book, following the supplemental code word "NOXDABBER" on Page 172.

Very truly yours,

J. C. Noell,
Assistant Secretary.

TO GOVERNORS OF ALL F. R. BANKS.

FEDERAL RESERVE BOARD

COMMITTEE APPOINTMENTS EFFECTIVE JANUARY 2, 1932.

(The Governor is ex-officio a member of each Committee)

EXECUTIVE: (First Quarter)

Mr. Meyer, Chairman
 Mr. Hamlin
 Mr. Miller

LAW:

Mr. Hamlin, Chairman
 Mr. Miller

EXAMINATIONS:

Mr. Magee, Chairman
 Mr. James

RESEARCH AND STATISTICS:

Mr. Miller, Chairman
 Mr. Hamlin

SALARIES AND EXPENDITURES OFFEDERAL RESERVE BANKS:

Mr. James, Chairman
 Mr. Magee

DISTRICT COMMITTEES:Boston:

Mr. Hamlin, Chairman
 Mr. Miller

New York:

Mr. Hamlin, Chairman
 Mr. James

Philadelphia:

Mr. Miller, Chairman
 Mr. Hamlin

Cleveland:

Mr. Miller, Chairman
 Mr. Hamlin

Richmond:

Mr. Hamlin, Chairman
 Mr. Magee

Atlanta:

Mr. James, Chairman
 Mr. Magee

Chicago:

Mr. Magee, Chairman
 Mr. Miller

St. Louis:

Mr. James, Chairman
 Mr. Hamlin

Minneapolis:

Mr. Magee, Chairman
 Mr. Miller

Kansas City:

Mr. Magee, Chairman
 Mr. James

Dallas:

Mr. James, Chairman
 Mr. Magee

San Francisco:

Mr. Miller, Chairman
 Mr. James

FEDERAL RESERVE BOARD
 INDIVIDUAL APPOINTMENTS TO DISTRICT COMMITTEES
 EFFECTIVE JANUARY 2, 1932

(The Governor is ex-officio a member of each Committee)

MR. HAMLIN:	Chairman:	Member:
	Boston New York Richmond	Cleveland St. Louis Philadelphia
MR. MILLER:	Philadelphia Cleveland San Francisco	Boston Chicago Minneapolis
MR. JAMES:	Atlanta St. Louis Dallas	New York Kansas City San Francisco
MR. MAGEE:	Chicago Minneapolis Kansas City	Richmond Atlanta Dallas

FEDERAL RESERVE BOARD

X-7054

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

December 31, 1931.

SUBJECT: ASSESSMENT FOR GENERAL EXPENSES OF THE FEDERAL
RESERVE BOARD JANUARY 1 TO JUNE 30, 1932.

Dear Sir:

Confirming telegraphic advice, there is enclosed herewith copy of a resolution adopted by the Federal Reserve Board levying an assessment upon the several Federal reserve banks of an amount equal to eight hundred twenty-two ten thousandths of one per cent (.000822) of the total paid-in capital stock and surplus of such banks at close of business December 31, 1931, to defray the estimated general expenses of the Board from January 1 to June 30, 1932, and specifying how such assessment shall be paid.

Very truly yours,

W. M. IMLAY
Fiscal Agent.

Enclosure:

X-7054-a

RESOLUTION LEVYING ASSESSMENT.

WHEREAS, under Section 10 of the act approved December 23, 1913, and known as the Federal Reserve Act, the Federal Reserve Board is empowered to levy semi-annually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts and employees, for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year; and

WHEREAS, it appears from estimates submitted to and considered by the Federal Reserve Board that it is necessary that a fund equal to eight hundred twenty-two ten thousandths of one per cent (.000822) of the total paid-in capital stock and surplus of the Federal reserve banks be created for the purpose hereinbefore described, exclusive of the cost of engraving and printing of Federal reserve notes;

NOW, THEREFORE, BE IT RESOLVED BY THE FEDERAL RESERVE BOARD, That:

(1) There is hereby levied upon the several Federal reserve banks an assessment in an amount equal to eight hundred twenty-two ten thousandths of one per cent (.000822) of the total paid-in capital and surplus of each such bank at the close of business on December 31, 1931;

(2) Such assessment shall be paid by each Federal reserve bank in two equal installments on January 2, 1932, and March 1, 1932, respectively; by crediting the amount thereof on the books of the Federal reserve bank in the General Account of the Treasurer of the United States, for credit to the Federal Reserve Board in an account designated and known as "Salaries and Expenses, Federal Reserve Board, Special Fund;"

(3) For each such installment of such assessment, each Federal reserve bank shall issue and send to the Treasurer of the United States a certificate of deposit evidencing said deposit and the fact that it is in payment of the assessment levied by the Federal Reserve Board for its general expenses and is to be credited to the Federal Reserve Board in an account designated and known as "Salaries and Expenses, Federal Reserve Board, Special Fund;" and

(4) A duplicate copy of each such certificate of deposit, together with a statement showing the amount of the capital and surplus of the Federal reserve bank at the close of business on December 31, 1931, shall be sent to the Federal Reserve Board on the date of the payment of each installment.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDJuly 13, 1931.
B-415.

SUBJECT: Gold holdings of Federal Reserve Banks.

Dear Sir:

In following credit developments in the various Federal reserve districts, we find it desirable to have promptly each week more detailed information regarding the composition of gold holdings of the Federal reserve banks. Accordingly, it will be appreciated if, beginning with July 22, you will discontinue code BIRR in your weekly form 34 telegram and wire instead the amount of the bank's holdings of gold certificates against code BILL, of United States gold coin against code BOON and of gold bullion and foreign gold coin against code BUFF.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDJuly 31, 1931
B-436

SUBJECT: Par list

Dear Sir:

In posting changes from the May 1930 supplement to the par list, a clerk in the transit department of a Federal reserve bank inserted the word "Closed" after the name of a bank in another district which was shown in the monthly supplement under the caption "Withdrawals" although no indication of the reason for withdrawal from the par list was given in the supplement. The Federal reserve bank in question subsequently received checks drawn on this bank, which checks, in accordance with a practice adopted some years ago, it returned to the banks from which they were received with the notation "Bank reported closed." The bank was, as a matter of fact, in actual operation at the time but has since suspended.

It is now claimed that the return of the checks with the notation "Bank reported closed" created a feeling of distrust on the part of certain depositors and that the bank in consequence suffered a very substantial withdrawal of deposits forcing it to go into liquidation to avoid a ruinous sacrifice of its assets, and suit has been brought against the Federal reserve bank for punitive damages. The Federal reserve bank in question has since discontinued the above method of handling such checks and is now forwarding them through the regular channels to the place of payment.

While the May 1930 supplement gave no indication of the reason why the bank withdrew from the par list, it has occurred to the Board that an error of the same character as the above might be carried into a supplement in the process of printing or otherwise. It is, of course, desirable to make the par list and the monthly supplements as useful as possible to the Federal reserve banks and to member banks, but there is some doubt as to whether the publication of the reasons for removals from the par list is of sufficient value to offset the risk assumed in the event of possible error. Accordingly, the Board would appreciate your advice on the following questions:

1. Would it not be advisable to omit from the monthly supplements all statements as to the reason for withdrawals from par list?

2. Would not the monthly supplements be fully as serviceable if, instead of listing additions and withdrawals of individual banks, those cities and towns were listed, the status of which with respect to the par list has been altered, such cities and towns to be shown in the supplement in exactly the same form as they would be shown in the semi-annual par list?

3. In what form is the information that appears in the par list made available to transit clerks, i.e., do they use the par list itself corrected up to date or do they have special lists prepared for their use? If special lists are prepared the Board would like to know what information they contain, if any, in addition to the mere fact that the banks are or are not on the par list.

4. What does your bank do with checks on member and nonmember banks (a) in your district, and (b) in other districts, that have been reported closed? If returned to the banks from which received what reason do you give for returning them?

5. If after a bank in your district has withdrawn from the par list you receive checks thereon before the supplement showing the withdrawal is published, what disposition do you make of such checks?

6. How does your bank verify advices of changes in the status of banks in your district before reporting them to other Federal reserve banks and to the Federal Reserve Board for inclusion in the par list?

7. Is the list of state bank members, which is now printed at the end of the par list, together with the changes in state bank membership published in the monthly supplements, of sufficient value in this connection to warrant its continued publication in the par list?

The Board will appreciate receiving any suggestions you may care to make regarding the revision of the form of the par list or of the supplements thereto.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

*TO ALL GOVERNORS

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 1, 1931

B-438

SUBJECT: Preliminary classification of loans
and investments of member banks as
of June 30, 1931.

Dear Sir:

There is enclosed herewith for your information a copy of a memorandum and statement prepared for the Board with respect to changes in the loan and investment account of member banks during the past quarter and the last 2 years, as disclosed by the June 30 call reports. The June 30 figures as given in the statement are based on the preliminary data furnished by the Federal reserve agents in response to the Board's letter B-382 of June 13.

The figures shown in the enclosed statement will be published in the forthcoming August issue of the Federal Reserve Bulletin, but in the meantime they are given to you for your confidential use.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure

TO ALL GOVERNORS AND AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

September 2, 1931.
B-456.

SUBJECT: Functional Expenses,
First Half, 1931.

Dear Sir:

There are enclosed herewith
copies of the consolidated Functional Expense
Exhibit for the half year ending June 30, 1931.
A copy of the exhibit is also being mailed
to the Governor of the bank.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure.

LETTER TO CHAIRMAN OF EACH FEDERAL RESERVE BANK*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 14, 1931.
B-457.

SUBJECT: Condition of member banks
as of June 30, 1931.

Dear Sir:

For your information there is enclosed herewith a statement showing the resources and liabilities of all member banks in each Federal reserve district as of June 30, 1931, also a statement giving a classification of loans, investments, deposits and borrowings of member banks in each district on the same date.

The Board's Member Bank Call Report (No. 52) giving detailed figures by states, cities and classes of banks, which will include the data shown in the enclosed statements, will be ready for distribution early in September.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure.

TO ALL GOVERNORS AND FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 17, 1931.
B-458.

SUBJECT: Earnings and Expense Reports and
Profit and Loss Statements.

Dear Sir:

In order to bring together in convenient form all of the existing instructions governing the preparation of earnings and expense reports and profit and loss statements furnished the Federal Reserve Board by the Federal reserve banks and to clear up some doubtful points with regard thereto, we have prepared the attached "Instructions Governing the Preparation of Earnings and Expense Reports and Profit and Loss Statements."

The instructions are in tentative form and before submitting them to the Board, we shall appreciate any suggestions for changes therein which you or any members of your staff may wish to make.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations

TO ALL GOVERNORS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

August 24, 1931.
B-467.

SUBJECT: Reports of Condition of State
Banks and Trust Companies.

Dear Sir:

It will be greatly appreciated if in accordance with your usual practice you will kindly furnish the Federal Reserve Board, as soon as available, with a copy of the abstract of reports of condition of state banks and trust companies in your state on June 30, 1931. If no call was issued as of June 30, will you kindly advise the date of call nearest thereto and furnish the Board with a copy of your abstract as of that date, if you have not already done so.

In submitting the above-mentioned data it is requested that the number of banks (exclusive of branch banks) be stated, and that separate figures be furnished for mutual savings banks providing there are any such banks operating in your state.

A franked and addressed envelope, requiring no postage, is enclosed for use in transmitting the data requested.

Very truly yours,

J. R. Van Fossen, Assistant Chief,
Division of Bank Operations.

Enclosure

TO STATE BANKING DEPARTMENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDSeptember 4, 1931.
B-482.SUBJECT: Functional Expenses,
First Half, 1931.

Dear Sir:

In the Functional Expense exhibit for the first half of 1931 forwarded to you with our letter B-456 of September 2, the shipping charges incurred by the Pittsburgh and Birmingham branches on shipments of currency and coin to and from member and nonmember banks were erroneously shown under Issue and Redemption of Federal Reserve Currency. Accordingly we have revised page 9 and are enclosing herewith copies which may be substituted for the corresponding page in the exhibits furnished you.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosures

TO CHAIRMEN OF ALL FEDERAL RESERVE BANKS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

September 10, 1931.
B-490.

SUBJECT: Member Bank Call Report
for June 30, 1931.

Dear Sir:

We are forwarding to you under separate cover copies of the Board's Member Bank Call Report No. 52, showing the condition of all member banks on June 30, 1931. Please forward a copy to each member bank in your district that has expressed a desire to receive copies of call reports as issued.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDSeptember 16, 1931.
B-495.SUBJECT: Call Condition Reports of
Member Banks

Dear Sir:

There are being forwarded to you today under separate cover copies of Form 105. Kindly hold the blank forms at your bank until receipt of telegraphic notice from the Board, whereupon three copies should be mailed to each state bank and trust company member with the request that the forms be held pending receipt of a call for condition reports.

It will be appreciated if you will kindly arrange to have the usual preliminary classification of loans and investments of reserve city and of country banks in your district wired to the Board within three weeks, if practicable, from the date designated for the next call report. It is suggested that before the figures are telegraphed they be compared with corresponding data for June 30 in order to make sure that they are on the same basis.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDOctober 5, 1931.
B-515.

SUBJECT: Forms for use during 1932.

Dear Sir:

It will be appreciated if you will kindly advise the Board at your early convenience the number of copies of the forms listed below that will be required by your bank (including branches, if any) during the calendar year 1932.

<u>Form</u>	<u>Title</u>
34	Daily balance sheet. Please state the number required for the head office and each branch separately and also give any special punching that may be desired.
F. R. A- 5	Daily statement of Federal reserve agent
E	Semi-annual functional expense report
38	Classification of discounted and purchased bills held at the end of the month
95	Monthly report of earnings
96	Monthly report of current expenses
A	Classification of Personnel

Please show separately the number of copies of each form, except form 34, required if it is revised and the number if not revised.

Very truly yours,

J. R. Van Fossen, Assistant Chief,
Division of Bank Operations.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDNovember 4, 1931.
B-541.SUBJECT: Preliminary classification of loans
and investments of member banks as
of September 29, 1931.

Dear Sir:

There is enclosed herewith for your information a copy of a memorandum and statement prepared for the Board with respect to changes in the loan and investment account of member banks during the past quarter and the last 2 years, as disclosed by the September 29 call reports. The September 29 figures are based on the preliminary data furnished by the Federal reserve agents in response to the Board's letter B-495 of September 16.

The figures shown in the enclosed statement will be published in the forthcoming November issue of the Federal Reserve Bulletin, but in the meantime they are given to you for your confidential use.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure.

TO ALL GOVERNORS AND AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

November 20, 1931.
B-567.

SUBJECT: Condition of member banks
as of September 29, 1931.

Dear Sir:

For your information there is enclosed here-
with a statement showing the resources and liabilities
of all member banks in each Federal reserve district
as of September 29, 1931, also a statement giving a
classification of loans, investments, deposits and
borrowings of member banks in each district on the
same date.

The Board's Member Bank Call Report (No. 53)
giving detailed figures by states, cities and classes
of banks, which will include the data shown in the
enclosed statements, will be ready for distribution
about the middle of December.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure

TO ALL GOVERNORS AND FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

November 24, 1931.
B-572.

SUBJECT: 1932 Budget for Statistical
and Analytical Work.

Dear Sir:

It will be appreciated if, in accordance with the usual custom, you will kindly submit to the Board for approval a budget for the Statistical and Analytical Function of your bank (including branches, if any), for the year 1932. The budget should be prepared in accordance with the attached form and submitted to the Federal Reserve Board as soon as practicable after January 1, 1932.

Very truly yours,

Chester Morrill,
Secretary.

Enclosure

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BANK OF _____ (Including branches)

Proposed budget for the Statistical and Analytical function (as defined in the Manual of Instructions covering functional expense reports form E)

(All figures to be shown to the nearest dollar, cents omitted)

	BUDGET for <u>1931</u>	EXPENSES during <u>1931</u>	BUDGET for <u>1932</u>
ADMINISTRATION:			
Salaries - officers			
Salaries - employees			
Traveling expenses			
Printing & stationery & other supplies			
Telephone and telegraph			
All other*			
TOTAL			
STATISTICAL:			
Salaries - employees			
Traveling expenses			
Printing & stationery & other supplies			
Telephone and telegraph			
Postage			
All other*			
TOTAL			
MONTHLY LETTER:			
Printing and stationery			
Postage			
TOTAL			
LIBRARY:			
Salaries - employees			
Traveling expenses			
Printing & stationery & other supplies			
Telephone and telegraph			
News service - subscriptions to periodicals, etc.			
Books			
All other*			
TOTAL			
GRAND TOTAL			

MEMORANDA:

Number of copies of monthly letter printed, December 1931 _____

Receipts from monthly letters sold:	Year 1931	\$ _____	Do not deduct from expenses
	Estimated, Year 1932	\$ _____	

*Classify, if in excess of \$100.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDNovember 24, 1931.
B-573.SUBJECT: Salaries of employees of
Federal reserve banks.

Dear Sir:

Will you kindly furnish the Board as early in January as practicable with a statement showing the name of each employee of your bank and its branches (if any) on January 1, 1932, and the salary paid to each as of January 1, 1931 and January 1, 1932. The list should be prepared in accordance with the sample form attached hereto in order to facilitate checking with the approved personnel classification plan for your bank on file with the Federal Reserve Board.

As in the past the schedules should cover all employees on the bank's payroll including those whose salaries are reimbursed to the bank in whole or in part from notary fees, cafeteria receipts, etc.

Very truly yours,

Chester Morrill,
Secretary.

Enclosure

TO CHAIRMAN OF EACH FEDERAL RESERVE BANK*

BRANCHES (IF ANY) ON JANUARY 1, 1932

Name of employee	Classifi- cation symbol	Title of job	Salary range	Salary on Jan. 1	
				1931*	1932

NOTE: Employees should be listed by functions or departments and the positions or jobs arranged in the same order as they appear in the personnel classification plan, Form A, on file with the Federal Reserve Board. The total number of employees including employees whose salaries are reimbursed to the bank in whole or in part and the total salaries paid should be shown for each function or department. Extra help or temporary employees should be listed with the regular employees of the bank and designated by the letter "T" after the classification symbol. In case of employees on a per diem or hourly basis the estimated total annual compensation should also be shown.

*If hired during 1931, please show the initial salary.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDNovember 24, 1931.
B-574.SUBJECT: Salaries of officers of
Federal reserve banks.

Dear Sir:

In accordance with the usual practice a statement showing the 1932 salary provided by your Board of Directors at its first meeting in January for each officer of your bank and branches, if any, subject to the approval of the Federal Reserve Board, should be forwarded to the Board as early in January as practicable. Please list the officers and their salaries in the manner indicated in the attached form. In case the bank's counsel is not an officer of the bank his annual retainer fee and any additional compensation for clerk hire should be shown separately.

Very truly yours,

Chester Morrill,
Secretary.

Enclosure.

OFFICERS' SALARIES FOR 1932 AT THE FEDERAL RESERVE BANK OF _____

AND ITS BRANCHES, IF ANY, AS PROVIDED BY THE BOARD OF DIRECTORS

SUBJECT TO APPROVAL BY THE FEDERAL RESERVE BOARD

Name	Title	Departments or functions supervised (Form A classification)	Annual Salary	
			Dec. 31, 1931	1932, for approval of F.R. Board

Total, _____ officers _____

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDNovember 24, 1931.
B-575.

SUBJECT: 1932 Budget for Federal reserve bank

Dear Sir:

In accordance with the usual practice a statement of the budget approved for the head office and each of its branches, if any, for the calendar year 1932 should be forwarded to the Federal Reserve Board as soon after January 1 as practicable.

The budget statement as submitted to the Board should be prepared in accordance with the sample form attached hereto and should show totals for each separate unit (department, function, division, section or expense unit) for which separate figures are shown in the budget approved by the bank's budget committee.

Very truly yours,

Chester Morrill,
Secretary.

Enclosure

TO CHAIRMAN OF EACH FEDERAL RESERVE BANK*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDNovember 24, 1931.
B-576.

SUBJECT: Closing of Books on December 31, 1931.

Dear Sir:

It will be appreciated if the resolution of your Board of Directors relating to the payment of the semi-annual dividend and requests for authority to make the usual end of year charges for reserves, etc., are mailed in time to reach the Board not later than December 10, 1931. The dividend resolution should be accompanied with the following information:

1. Estimated gross earnings, current expenses, additions to and proposed deductions from current net earnings, and net earnings available for surplus and franchise tax for the calendar year 1931.
2. Estimate of the net loss which the Federal reserve bank is likely to sustain on the indebtedness as of November 30 of (a) suspended banks, and (b) other banks.

The general procedure followed in the past with reference to charge-offs, depreciation and other reserves, transfers to surplus account and payment of franchise tax will be followed at the end of this year.

Very truly yours,

Chester Morrill,
Secretary.

TO CHAIRMAN OF EACH FEDERAL RESERVE BANK*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDDecember 11, 1931.
B-597.

SUBJECT: Forms for use during 1932.

Dear Sir:

There are being forwarded to you today under separate cover a supply of the following forms for use during 1932:

Form 38,	copies
Form 95,	copies
Form 96,	copies
Form A,	copies

A supply of Form 34 will be mailed within a week or ten days.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO GOVERNORS OF ALL F. R. BANKS*

FEDERAL RESERVE BOARD

WASHINGTON

December 12, 1931.
B-598.ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDSUBJECT: Reports of Condition of State
Banks and Trust Companies.

Dear Sir:

It will be greatly appreciated if, in accordance with your usual practice, you will kindly furnish the Federal Reserve Board with a copy of the abstract of condition reports of state banks and trust companies in your state on September 29, 1931. If no call was issued as of September 29, will you kindly advise the date of call nearest thereto and furnish the Board with a copy of your abstract as of that date.

In submitting the above-mentioned data it is requested that the number of banks (exclusive of branch banks) be stated, and that separate figures be furnished for mutual savings banks providing there are any such banks operating in your state.

A franked and addressed envelope, requiring no postage, is enclosed for use in transmitting the data requested.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

Enclosure.

TO SELECTED STATE BANKING DEPARTMENTS*

FEDERAL RESERVE BOARD**WASHINGTON****ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD**December 16, 1931.
B-599.**SUBJECT: Form F.R.A.-5, Daily Statement
of Federal Reserve Agent.**

Dear Sir:

There are being forwarded to you today
under separate cover, by registered mail,
copies of the 1931 edition of form F.R.A.-5,
Daily Statement of Federal Reserve Agent, for use
in 1932.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

December 14, 1931.
B-601.

SUBJECT: Member Bank Call Report
for September 29, 1931.

Dear Sir:

We are forwarding to you under separate cover copies of the Board's Member Bank Call Report No. 53, showing the condition of all member banks on September 29, 1931. Please forward a copy to each member bank in your district that has expressed a desire to receive copies of call reports as issued.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDB-605
December 28, 1931.SUBJECT: Summary Statement of Federal Reserve
Bank Personnel.

Dear Sir:

In accordance with the usual practice, please furnish the Board with a summary statement showing the number and salaries of the officers and employees of your bank (including branches, if any) as of December 31, 1931, and January 1, 1932, made out in accordance with the form attached hereto. The figures for December 31, 1931, which should not include any changes in either the number or salaries of officers or employees that become effective on January 1, 1932, will be published in the Board's 1931 annual report and should be comparable with corresponding figures published on pages 289-291 of the Board's 1930 annual report. The figures for January 1, 1932, should represent the number and annual salaries of employees after all changes effective as of January 1 have been made, and the number and annual salaries of officers as submitted to the Board for its approval.

Very truly yours,

Chester Morrill,
Secretary.

Enclosure

LETTER TO ALL CHAIRMEN*

B-605-a

FEDERAL RESERVE BANK OF _____

(Including branches)

	Number		Annual Salaries	
	Jan. 1 1932	Dec. 31 1931	Jan. 1 1932	Dec. 31 1931
Officers:				
Chairman and Federal Reserve Agent Governor				
Other officers				
Employees by departments:				
Banking department				
Federal Reserve Agent's department				
Auditing Department				
Fiscal Agency Department				
 Total				
 Employees whose salaries are reimbursed to bank:				
Fiscal Agency department				
Other employees*				
 Grand Total				
 Temporary employees (not to be included above)				

*Subdivide by functions and units on separate sheet.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDDecember 21, 1931.
B-606.SUBJECT: Reports of Earnings, Expenses,
Dividends, and Franchise Tax
Payments for 1931.

Dear Sir:

In order that the Board may have information regarding the financial results of operations of Federal reserve banks during the present calendar year as soon as practicable after January 1, it is requested that the following data be telegraphed or mailed to the Board in time to reach Washington Monday morning, January 4, 1932.

(Code)

EARL - Earnings from discounted bills	\$ _____
EDGE - Earnings from purchased bills	_____
ESPY - Earnings from U. S. securities	_____
ETCH - Other earnings (items 4-8 on Form 95)	_____
EACH - Gross earnings	_____
EASY - Cost of Federal Reserve Currency	_____
EDIT - Other current expenses	_____
EVER - Total current expenses	_____
EARN - Current net earnings	\$ _____
ELBA - Additions to Current net earnings	_____
ENID - Deductions from Current net earnings	_____
Net additions to or deductions from current net earnings	_____
EAST - Net earnings available for dividends, franchise tax, and surplus	_____
EYRE - Dividends paid	_____
EMET - Paid to Government as franchise tax	_____
EVEN - Transferred to surplus account	_____
Total (to agree with item EAST)	_____
CAPP - Subscribed capital January 1, 1932	_____
CEDE - Surplus January 1, 1932	_____

- 2 -

It is also requested that the regular monthly reports of earnings and expenses on forms 95 and 96 be accompanied with a statement showing in detail all additions to and deductions from current net earnings during the year with separate figures for each branch, if any, and that in addition to the regular balance sheet, form 34, for the last day of the year representing the condition of the bank after final closing of the books, a form 34 be submitted showing the condition of the bank at close of business but prior to the making of any adjusting, closing or other entries not regularly made at the end of each month.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDDecember 16, 1931.
B-607.SUBJECT: Data for 1931 Annual Report of
the Federal Reserve Board.

Dear Sir:

Will you kindly furnish us with the following
data for use in the Board's forthcoming annual report:

1. Classification of U. S. securities held by your bank (1) under repurchase agreement and (2) in investment account, as at close of business December 31, 1931, giving the kind of securities, interest rate, maturity data, and par value. The total only need be shown for securities bought through the Open Market Policy Committee and held in Special Investment Account.
2. Statement showing the number of member banks in each State (or part of State in the district) accommodated through the discount of paper during the calendar year 1931.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS EXCEPT NEW YORK*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDDecember 17, 1931.
B-610.SUBJECT: Daily Condensed Condition Report
of Federal Reserve Banks.

Dear Sir:

Under separate cover we are forwarding a supply of revised form "Condensed statement of condition of Federal reserve bank", for use in wiring your condition figures to the Federal Reserve Board beginning, Thursday, December 24, 1931.

The amount of currency and coin received and paid out, items MUSE and MOTE, should also be wired in your Form 34 telegrams for Wednesdays and for the last day of each month.

Very truly yours,

E. L. Smead, Chief,
Division of Bank Operations

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

December 21, 1931.
B-612.

SUBJECT: Earnings, Expenses and Dividends
Reports of State Bank Members.

Dear Sir:

There are being forwarded to you today
under separate cover copies of form 107
to be used by State bank members in submitting
their reports of earnings, expenses and divi-
dend payments for the six months ending Decem-
ber 31, 1931.

Very truly yours,

Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDDecember 24, 1931.
B-619.

SUBJECT: Call Condition Reports of Member Banks.

Dear Sir:

There are being forwarded to you today under separate cover copies of Form 105 to be used by State bank members in submitting their condition reports as of the next call date. Kindly hold the blanks at your bank until you are advised by the Board to forward them to the State bank members, whereupon please mail three copies to each such bank with the request that they be held pending receipt of a call for condition reports.

Please advise State bank members that paid-in subscriptions to the gold notes of the National Credit Corporation should be included in loans and discounts on the face of the report, and in "all other loans," item 8 of Schedule E; that indebtedness to the National Credit Association on their own borrowings should be reported as bills payable against item 25 on the face of the report, and against item 1-c of Schedule H; and that their pro rata liability on such borrowings by other members of the local National Credit Association should be included with "other liabilities" and shown in Schedule N against the caption "Pro rata liability on other banks' borrowings through local Credit Association," with a per contra item in "other assets" on the face of the report and in Schedule M.

- 2 -

It will be appreciated if you will kindly arrange to have the usual preliminary classification of loans and investments of reserve city and of country banks in your district wired to the Board within three weeks, if practicable, from the date of next call report. It is suggested that the figures be compared with corresponding data for the preceding call before they are telegraphed to the Board, in order that any obvious discrepancies may be detected and promptly reconciled.

Very truly yours,

Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS*

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARDB-620
December 28, 1931.

SUBJECT: Organization chart.

Dear Sir:

It will be appreciated if you will kindly furnish the Board with two copies of an organization chart for your bank and for each of its branches, if any, showing as of January 1, 1932, the name and title of each officer and the departments or functions supervised.

Very truly yours,

Chester Morrill,
Secretary.

LETTER TO ALL CHAIRMEN*