

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7229

August 16, 1932.

SUBJECT: Weekly reports on direct loans.

Dear Sir:

There are inclosed herewith, for your information, copies of letters which the Federal Reserve Board has exchanged with the Federal Reserve Bank of New York with regard to the weekly reports requested in the Board's letter of July 30, 1932, X-7221, relative to applications for discounts received from individuals, partnerships and corporations, under the provisions of the recent amendment to section 13 of the Federal Reserve Act.

Very truly yours,

Chester Morrill,
Secretary.

Inclosures.

TO ALL GOVERNORS.

Copy

X-7229-a

August 15, 1932.

Mr. L. R. Rounds, Deputy Governor,
Federal Reserve Bank of New York,
New York City, New York.

Dear Mr. Rounds:

This will acknowledge receipt of your letter of August 2, and in reply you are advised that the Board would like to have the report requested in the last paragraph of its letter, X-7221, of July 30, cover all formal applications for discounts by individuals, partnerships and corporations which are not granted by the Federal reserve bank and all informal applications where the paper is placed with another bank or the applicant is definitely advised in writing, that the discount will not be made by the Federal reserve bank.

It is noted from the second paragraph of your letter that you may not permit the filing of formal applications except in cases where there appears to be fair reason to assume a loan might be granted. The Board understands from your letter that before any attempt is made to discourage the submission of a formal application, sufficient information will be obtained from the prospective applicant to enable you to determine with some certainty that the paper which the applicant proposes to offer

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is not eligible and acceptable. It is requested that for the time being you furnish the Board a report covering all cases where an applicant is advised in writing not to submit a formal application, or where other than a routine examination of the inquiry was necessary to determine the facts upon which the decision of the Federal reserve bank was based.

Very truly yours,

(Signed) E. M. McClelland,
Assistant Secretary.

EMM/vmt

Copy

X-7229-b

Federal Reserve Bank
of New York

August 2, 1932.

Federal Reserve Board

Washington, D. C.

Attention of Mr. Chester Morrill, Secretary

Dear Sirs:

This will acknowledge receipt of your letter X-7221 dated July 30, 1932. We shall be governed accordingly in the preparation of BD-4 schedules covering discounts granted to individuals, partnerships and corporations.

In the last paragraph of your letter you have asked for current information regarding definite applications for discounts (not mere inquiries). It is assumed that it is your wish to receive reports only with regard to loans for which actual signed applications are made. Judging from present indications many of our applications will be informal and will be disposed of by interview, and we believe the Board would not desire information with respect to such applications. It appears, however, that we are also likely to receive a number of informal applications with regard to what might be considered border-line cases and which, after investigation, would be informally turned down either because it appeared the paper would be ineligible or for credit reasons. It seems quite likely from our experience thus far that we may not permit the filing of definite applications except in cases where there appears to be fair reason to assume a loan might be granted.

Since some of the cases thus turned down might at least have the appearance of eligibility and might not differ greatly from those for which formal applications would be received, I have thought best to call the matter to your attention and to inquire whether or not the Board would care to be informed concerning such applications.

Very truly yours,

(Signed) L. R. Rounds,
Deputy Governor.

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