

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7398

April 1, 1933.

SUBJECT: Regulations of Comptroller of the Currency re  
Conservators.

Dear Sir:

The Comptroller of the Currency has prepared instructions to be issued to conservators of national banks appointed pursuant to the provisions of the National Bank Conservation Act (Title II of the Act of March 9, 1933), and there are inclosed herewith copies of the sections relating to Bank's Old Reserve Account, Conservator's Special Account, Conservator's General Account, Conservator's Depositary Account, and Assistants to Conservators. These sections were prepared by the Comptroller's office with the assistance of members of the Board's staff and the following representatives of Federal reserve banks:

Mr. John S. Sinclair, Counsel to the Federal Reserve  
Bank of Philadelphia

Mr. H. F. Strater, Cashier of the Federal Reserve  
Bank of Cleveland

Mr. J.S.Walden, Jr., Controller of the Federal Reserve  
Bank of Richmond

Mr. Robert S. Parker, Counsel to the Federal Reserve  
Bank of Atlanta

Mr. Charles B.Dunn, of Counsel to the Federal Reserve  
Bank of Chicago.

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The sections of the instructions inclosed herewith have been approved by the Comptroller of the Currency; but it is necessary that the instructions be approved both by the Comptroller of the Currency and by the Secretary of the Treasury. The latter is out of the city and will not return until Monday. We will advise you promptly by wire as soon as the complete instructions have been finally approved; and the Comptroller of the Currency will furnish you with complete copies of these instructions and request you to handle accounts for conservators of national banks in accordance with the terms and conditions thereof.

The Board considers it desirable that the Federal reserve banks cooperate in this matter by opening and maintaining accounts for conservators in accordance with the terms and conditions of the sections inclosed herewith.

Very truly yours,

Chester Morrill,  
Secretary.

Inclosure

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS.

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CERTAIN SECTIONS OF INSTRUCTIONS OF THE COMPTROLLER OF THE CURRENCY TO  
CONSERVATORS OF NATIONAL BANKS.

402 Bank's Old Reserve Account.

The conservator should make no remittances or transfers for credit to bank's old reserve account and should draw no drafts whatever against such old account. The Federal reserve bank may be requested to make transfers to the conservator's special account, described below, of funds which have been credited to the bank's old reserve account but which the conservator has definitely determined to represent segregated deposits and which should have been credited to a special account in the Federal reserve bank. Where the bank in the hands of a conservator is not indebted to the Federal reserve bank or where the old reserve balance exceeds the amount of the indebtedness to the Federal reserve bank, the Federal reserve bank may be requested to make transfers of such excess amount to the conservator's general account, described below, with the authorization of the Comptroller of the Currency.

These transfers to the conservator's special account or general account may not be made by drafts or checks drawn by the conservator, but must be made with the consent of the Federal reserve bank under special arrangements agreed to by it.

## 403 Conservator's Special Account.

If the conservator has been authorized to accept new deposits which are not subject to any limitation as to payment or withdrawal, to be segregated as provided in section 206 of the Bank Conservation Act, the funds received pursuant to such authority may be deposited in the Federal reserve bank of the district in which such bank is located in a special account in the name of the conservator which account may be styled substantially as follows:

" \_\_\_\_\_ Conservator's Special Account  
(Bank and address)

\_\_\_\_\_  
(Conservator) "

The conservator may deposit with the Federal reserve bank in this account cash, Government checks, checks and other cash items which the Federal reserve bank can collect at **par**.

The Federal reserve bank may receive and handle all cash items deposited in this account subject to the terms and conditions of Regulation J of the Federal Reserve Board and of such bank's current circular regarding the collection of cash items.

The Federal reserve bank will not be expected to give credit for such checks and other cash items in accordance with its published time schedules which are used in giving credit to member banks, but may increase the time of credit availability in such time schedules by a number of days estimated to be suffi-

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cient to obtain mail advice of non-payment of such items. The conservator, however, should bear in mind that all such items are received by the Federal reserve bank subject to final payment and that withdrawals of deposits represented by such checks and other cash items should not be permitted by the conservator until sufficient time has elapsed to permit of the collection of such items in accordance with the foregoing provisions. The conservator may be held accountable for any loss resulting from the payment of such deposits in violation of these instructions.

The conservator may accept maturing notes, drafts, Government obligations and other non-cash items for collection and for credit when collected to the special segregated accounts of depositors. The Federal reserve bank may receive and handle such non-cash items for collection and credit on its books to the conservator's special account, in accordance with its non-cash collection circular. The conservator will be advised of such credit in each instance and should not permit any withdrawals of deposits represented by such non-cash items until he has received such advice.

All deposits by the conservator in the conservator's special account at the Federal reserve bank and all non-cash items sent to the Federal reserve bank for collection and credit of the conservator's special account should be marked so as to indicate clearly to the Federal reserve bank that such items are for the

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credit of such special accounts.

All items sent to the Federal reserve bank by the conservator for credit to this account, whether cash items or non-cash items, should be indorsed, "Pay to the Order of the Federal Reserve Bank of \_\_\_\_\_ for credit to Conservator's special account

\_\_\_\_\_  
(Bank and address)

By \_\_\_\_\_  
(Conservator)

All prior indorsements guaranteed."

The conservator may draw drafts against this special account at the Federal reserve bank (a) in payment of checks or drafts drawn by depositors against such special segregated deposits when presented to him by other banking institutions; (b) in order to provide himself with cash with which to pay such deposits; or (c) to provide depositors in such segregated accounts with drafts for exchange purposes.

All drafts against such account should be signed by the conservator and otherwise identified in such manner as to show clearly the account to which they should be charged.

If the bank which is in conservatorship accepted new deposits withdrawable without restriction pursuant to agreement or under State legislation, gubernatorial proclamation or Presidential proclamation and opened and maintained a special account with the

Federal reserve bank, representing such new deposits, the Federal reserve bank should be requested to transfer the balance now carried in such special account to the Conservator's Special Account at the Federal reserve bank.

404. Conservator's General Account.

Funds received by the conservator in connection with his conservatorship from any source other than from special segregated deposits referred to above may be deposited in the Federal reserve bank of the district in which such bank is located in a general account in the name of the conservator which account may be styled substantially as follows:

" \_\_\_\_\_ Conservator's General Account  
      (Bank and address)  
  
      \_\_\_\_\_  
      (Conservator)       "

Any collections made by the conservator upon the unpledged assets of the bank while in conservatorship may be deposited in this general account.

The conservator may deposit with the Federal reserve bank in this account cash, Government checks, checks and other cash items which the Federal reserve bank can collect at par.

The Federal reserve bank may receive and handle all cash items deposited in this account subject to the terms and conditions of Regulation J of the Federal Reserve Board and of such bank's current circular regarding the collection of cash items.

The Federal reserve bank will not be expected to give credit for such checks and other cash items in accordance with its published time schedules which are used in giving credit to member banks, but may increase the time of credit availability in such time schedules by a number of days estimated to be sufficient to obtain mail advice of non-payment of such items. The conservator, however, should bear in mind that all such items are received by the Federal reserve bank subject to final payment.

The conservator may deposit in such general account maturing notes, drafts, Government obligations and other non-cash items for collection and for credit when collected. The Federal reserve bank may receive and handle such non-cash items for collection and credit on its books to the conservator's general account, in accordance with its non-cash collection circular, and the conservator will be advised of such credit in each instance.

All deposits by the conservator in the Conservator's General Account at the Federal reserve bank and all non-cash items sent to the Federal reserve bank for collection and credit of the Conservator's General Account should be marked so as to indicate clearly to the Federal reserve bank that such items are for the credit of such general account.

All items sent to the Federal reserve bank by the conservator for credit to this account, whether cash items or non-cash items,



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should be indorsed, "Pay to the Order of the Federal Reserve Bank  
of \_\_\_\_\_ for credit to Conservator's General Account

\_\_\_\_\_  
(Bank and address)

By \_\_\_\_\_  
(Conservator)

All prior indorsements guaranteed."

The conservator may withdraw funds from this general account  
only when and as authorized by the Comptroller of the Currency.

All drafts against such account should be signed by the con-  
servator and otherwise identified in such manner as to show clearly  
the account to which they should be charged.

405. Conservator's Depositary Account.

In addition to a Special Account and General Account maintained with the Federal reserve bank, the conservator may open an account with a national or State member bank, licensed to reopen by the Secretary of the Treasury, which account is referred to herein as the "Conservator's Depositary Account."

This account may be utilized for the following purposes:

- (a) As an account in which to maintain funds for current operating purposes, including salaries, supplies, and other items of expense.
- (b) For the collection, for the account and at the instance of depositors, of checks and other cash items drawn on nonpar banks which will not be accepted by the Federal reserve bank as well as any non-cash items which the Federal reserve bank will not handle. Such collections will be undertaken by the depositary at the instance of the conservator, but for the account and as agent of the owners or holders of such items. When and as the conservator may receive actual payment of such items, the proceeds may, with the acquiescence or upon the direction of the depositors, be placed in special segregated accounts to the credit of the depositors and then transferred to the conservator's special account with the Federal reserve bank.
- (c) For deposit therein of collections effected by the conservator from assets of the bank and for the deposit of cash and of checks or other items belonging to the bank.
- (d) For collection, at the instance and for the account of others, of checks or other items, whether cash or noncash, left or placed with the conservator for that purpose.

The conservator shall make transfers from time to time from the depositary account to the conservator's general account with the Federal reserve bank described on page \_\_\_\_ of these instructions, of such excess of collected funds as will not be needed in this account for current operating purposes.

Withdrawals from this account may be made by the conservator for any purpose authorized herein.

## Chapter V

## ASSISTANTS TO CONSERVATORS.

The Conservator may appoint a competent person or persons to serve as his assistant or assistants. An assistant to a conservator shall have the right to sign in the name and on behalf of the conservator checks drawn on any account mentioned herein, to the extent and under the circumstances herein authorized, as well as to perform such other purely ministerial duties and functions of a routine nature and not involving the exercise of discretion, as the conservator may from time to time delegate and authorize.

The name of any such assistant shall upon appointment be promptly certified to the Comptroller of the Currency and to the Federal reserve bank and the conservator's depository bank. When notifying the Federal reserve bank and depository bank of the appointment of any such assistant, the conservator shall furnish them respectively with a specimen signature of such assistant.