

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7482

July 1, 1933.

SUBJECT: Legality of Agreements, Consolidations  
or Mergers Involved in Applications  
Submitted for Board's Approval.

Dear Sir:

Applications of State banks and trust companies for membership and also other applications requiring the Board's approval, are in some instances made by institutions organized to take over assets and assume liabilities of other banking institutions or by institutions which are the result of consolidations or mergers of banking institutions, under agreements executed by the institutions involved. Such applications also frequently involve agreements between the banks and their stockholders or depositors. In all cases of this kind, it is important to determine, before the Board acts on the application, whether any agreement entered into is legally effective under the provisions of the laws of the State in which the bank is located and whether any such agreement, consolidation or merger has been entered into or executed in accordance with the requirements of the State law.

You are accordingly requested when considering an application for membership or other application involving circumstances

- 2 -

such as those described above, to request the counsel for your bank to examine the agreements entered into or to be entered into and the laws of the State covering each such agreement, transfer of assets, consolidation or merger and furnish you with an opinion, to be forwarded to the Board with the application, as to whether such agreement, transfer of assets, consolidation or merger complies with the requirements of the State law and is legally effective under the provisions of the laws of the State in which the bank involved is located.

Very truly yours,

Chester Morrill,  
Secretary.

TO ALL FEDERAL RESERVE AGENTS.