

C O P Y.

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X-7484

TELEGRAM

FEDERAL RESERVE BOARD

Washington

June 27, 1933.

Case	New York	Wood	St. Louis
Austin	Philadelphia	Peyton	Minneapolis
Williams	Cleveland	McClure	Kansas City
Hoxton	Richmond	Walsh	Dallas
Newton	Atlanta	Newton	San Francisco
Stevens	Chicago		

TRANS 1833

In reply to an inquiry from a Federal reserve bank the Board has advised as follows: "Eighth paragraph of Section 13 of Federal Reserve Act, as amended by section 9 of Banking Act of 1933, does not require a member bank which has obtained advances from Federal Reserve Bank pursuant thereto to refrain from making further loans secured by collateral or to dealers in securities until an official warning is given by the Federal reserve bank of the district or by the Federal Reserve Board as provided in the statute; and an increase by a member bank in the amount of such collateral loans or loans to securities dealers during the life or continuance of an advance under the provision of said paragraph does not subject the bank to the penalties prescribed therein unless occurring after the issuance of such an official warning. In connection with this subject, please see also Section 11 (m) of the Federal Reserve Act as amended by Section 7 of Banking Act of 1933."

MORRILL