

(INTERPRETATION OF BANKING ACT OF 1933)

Copies to be sent to all Federal Reserve Banks.

July 22, 1933.

Mr. C. C. Walsh,
Federal Reserve Agent,
Federal Reserve Bank of Dallas,
Dallas, Texas.

Dear Mr. Walsh:

Receipt is acknowledged of your letter of July 11, 1933, in which you request to be advised whether, under the provisions of section 9 of the Federal Reserve Act, as amended by section 5(c) of the Banking Act of 1933, it will be necessary for (a member bank) to obtain a report of condition from the _____ State Bank, _____ Texas, and to publish such report under the same conditions as govern its own condition report.

From the copy of the letter signed by _____, President of the (member bank) _____ under date of July 8, 1933, which you inclosed with your letter of July 11, 1933, the Board understands that the _____ State Bank was placed in voluntary liquidation on January 31, 1933, pursuant to appropriate action by its stockholders; that it has no liabilities of any kind except in indebtedness in the amount of \$9,900, which represents the balance due on a loan made by the (member bank) to the _____ State Bank; and that it is authorized to do no business of any kind except to collect its loans outstanding and sell its other property, to satisfy its indebtedness to the (member bank) and to distribute any assets remaining to its

stockholders.

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It has been noted that the Texas statutes provide that, when the requisite number of shareholders of a State bank vote in favor of placing such bank in liquidation, the bank's directors must proceed forthwith to wind up the business of such corporation. In view of such provision, and of the advice that the _____ State Bank is in course of voluntary liquidation and is not authorized to engage in any business except such as may be necessary or incidental to the winding up of its affairs, it is the opinion of the Board that the instant situation does not come within the purview of the Banking Act of 1933, and accordingly, that it will be unnecessary for the (member bank) to obtain and publish a report of condition of the _____ State Bank.

Very truly yours,

(s) CHESTER MORRILL

Chester Morrill
Secretary