

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7552

August 16, 1933.

SUBJECT: Cancellation of Federal reserve bank stock
of national banks in conservatorship.

Dear Sir:

For your information there is inclosed a copy of a letter sent by the Board to the Acting Comptroller of the Currency under date of May 3, 1933, requesting that, in the instant case and in any other case in which the Comptroller's office desires that the Federal reserve bank stock outstanding in the name of a national bank in conservatorship be canceled, the Federal Reserve Board be furnished a statement of the facts in the case substantially in accordance with a form inclosed with the Board's letter. A copy of the form referred to is also attached.

It is now the Comptroller's practice to furnish the Board a statement in the desired form in each case in which the conservator of a national bank has been authorized by the Comptroller to apply for cancellation of Federal reserve bank stock outstanding in the name of the bank. The Comptroller's office also advises the Federal reserve agent, in the appropriate Federal reserve district, of each instance in which the conservator of a bank has been so authorized, and furnishes the Federal reserve agent a copy of the letter of authorization sent to the conservator.

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Accordingly, when you have been advised by the Comptroller of the Currency that the conservator of a given national bank has been authorized to apply for cancelation of Federal reserve bank stock, it is suggested that you furnish the conservator an appropriate number of copies of Federal Reserve Board Form 87 (Application by receiver of insolvent member bank for surrender of stock), with the word "Receiver" changed to "Conservator". The application need not be accompanied by a copy of the authorization above referred to, nor of the commission given by the Comptroller to the conservator. If in any case a conservator of a national bank who has not been duly authorized to do so applies for cancelation of Federal reserve bank stock, please suggest that he request such authority from the Comptroller.

The Board is addressing another letter to you today (X-7551) with regard to the procedure which may be followed in connection with the cancelation of Federal reserve bank stock held by a State member bank which is in the hands of a conservator or similar State authority.

Very truly yours,



Chester Morrill,
Secretary.

Inclosures.

TO ALL FEDERAL RESERVE AGENTS.

COPY

X-7552-a

May 3, 1933.

Honorable F. G. Awalt,
Acting Comptroller of the Currency,
Washington, D. C.

Dear Sir:

The Federal Reserve Board has before it for consideration an application from the Conservator of the _____, for the cancelation of Federal reserve bank stock heretofore issued to that bank.

As you know, the Federal Reserve Act provides that when a receiver is appointed for a national bank, Federal reserve bank stock owned by it shall be canceled, and, under the provisions of the Bank Conservation Act, a conservator of a national bank is given the rights, powers and privileges of a receiver of an insolvent national bank and the rights of all parties with respect to the bank, subject to the other provisions of the Bank Conservation Act, are the same as if a receiver had been appointed. A bank in the hands of a conservator, however, may, in the discretion of the Comptroller of the Currency, be permitted to resume its business or, with the Comptroller's approval, may be reorganized. In order that Federal reserve bank stock owned by a national bank in the hands of a conservator may be canceled in any case, the Federal Reserve Board feels that it is necessary to have definite and authoritative advice that your office has decided that the bank is to be liquidated and is not to be permitted to resume business or to reorganize.

Honorable F. G. Awalt

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Accordingly, if you desire that the Federal reserve bank stock outstanding in the name of the _____ National Bank of _____, _____, be canceled, it will be appreciated if you will transmit to the Federal Reserve Board a statement as to the facts in the case substantially in the form of that inclosed herewith.

It is also requested that, in other cases which may arise in which you may authorize the conservator of a national bank to apply for the cancelation of Federal reserve bank stock, you submit to the Federal Reserve Board a statement similar to that inclosed with such changes as may be appropriate to the facts of the particular case.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.

Inclosure.

TO THE FEDERAL RESERVE BOARD.

This is to advise you that _____
(Name of Conservator)
was on _____, 1933, appointed conservator of the _____
National Bank of _____, pursuant to the provisions of the
Bank Conservation Act; that approximately _____ per cent of the
assets of the bank have been sold to, and approximately _____
per cent of its deposit liabilities have been assumed by, the _____
Bank of _____: that this office has decided that the _____
National Bank of _____, should be liquidated and should
not be permitted to resume the transaction of its business or to re-
organize under the provisions of the Bank Conservation Act or other-
wise to transact any business except such as shall be necessary to
liquidate the affairs of the bank; that the affairs of the bank are
now being liquidated; that, if by reason of future developments, it
should be considered advisable to permit the bank to reorganize or
in any other manner to resume the transaction of banking business, it
will not be permitted to do so unless it shall have first subscribed
and paid for stock in the Federal reserve bank of its district in the
amount required by law; that, in view of the facts stated, it is de-
sired that the Federal reserve bank stock heretofore issued to the
bank be canceled and proper refund made in accordance with the law;
and the Comptroller of the Currency has, therefore, authorized the con-
servator above named to make application to the Federal reserve bank
of the district in which the national bank is located for the

cancelation of Federal reserve bank stock heretofore issued to the bank and for the refund of all moneys, securities or other valuables due by the said Federal reserve bank to the estate of the said national bank as provided by law and to do such other acts as may be necessary to adjust and settle the accounts between the said Federal reserve bank and the said national bank.

Comptroller of the Currency