

# FEDERAL RESERVE BOARD

423

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-7681

November 15, 1933.

SUBJECT: Adequacy of Bonds Carried by  
Banks Admitted to Membership.

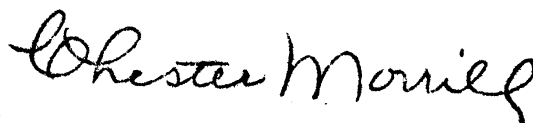
Dear Sir:

In reviewing applications for membership in the Federal Reserve System, it has been noted that in many instances officers and employees of the applicant bank appear to be inadequately bonded, and that in some instances certain officers and employees are not covered by any bond. The Board feels that as a matter of conservative banking practice adequate surety bonds should be carried by all banks. In certain letters to the Federal Reserve Agents advising of approval of applications for membership, therefore, the Board has called attention to the lack, or apparent inadequacy, of the bonds, and has suggested that the Federal Reserve Agents request the boards of directors of the applicant banks to give careful consideration to the advisability of having bonds in adequate amount provided for all officers and employees having access to the banks' cash, securities, or records of account.

You are requested to give careful consideration to the adequacy of the bonds carried by banks applying for membership, and

to make appropriate recommendation to the directors of an applicant bank whenever it seems necessary. In the future, therefore, no comment of this nature will be made in the letters to the Federal Reserve Agents advising of approval of applications for membership. In this connection, it is assumed that the Federal Reserve Agents will give the same consideration to the adequacy of bonds carried by banks already admitted to membership and will make similar recommendation when deemed necessary.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill". The signature is written in dark ink and is centered on the page.

Chester Morrill,  
Secretary.