

FEDERAL RESERVE BOARD

WASHINGTON

X-7810

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

March 7, 1934.

SUBJECT: Charges for Examinations of  
State Member Banks for Certifi-  
cation to the Federal Deposit  
Insurance Corporation.

Dear Sir:

There is attached, for your information, a copy of a letter addressed by the Board under date of March 2, 1934, to the Federal Reserve Agent at the Federal Reserve Bank of Boston with regard to charges for examinations of State member banks made in connection with certification to the Federal Deposit Insurance Corporation.

Very truly yours,



Chester Morrill,  
Secretary.

Inclosure.

TO ALL FEDERAL RESERVE AGENTS EXCEPT BOSTON.

COPY

X-7810-a

March 2, 1934.

Mr. Frederic H. Curtiss,  
Federal Reserve Agent,  
Federal Reserve Bank of Boston,  
Boston, Mass.

Dear Mr. Curtiss:

Receipt is acknowledged of your letter of February 12, 1934, regarding examinations of State member banks to be made in connection with the required certification to the Federal Deposit Insurance Corporation.

It is noted that it has been your practice to participate with State examiners in the examinations of State member banks, making no charge against banks in the three States where the participation of your examiners is confined largely to work in connection with the bank's loans and securities, but charging the member banks in the two States where the initiative and responsibility in the examinations rest largely with your examiners. You state that, in order to complete the program, it will probably be necessary to make some independent examinations, and ask for advice as to whether the bank should be charged in such instances.

The Board's letter of July 26, 1930, (X-6665), included the following provision:

"If a State examination is unsatisfactory, and an investigation will not provide sufficient information upon which the agents may act intelligently, a complete examination should be made for which the member bank should be charged. It is realized, however, that in some instances unusual circumstances may exist which would warrant the Board's exercising the discretion vested in it under the recent amendment and waiving charges for specific

"examinations. Any case which, in the opinion of the Federal reserve agent, warrants such special consideration should be submitted to the Board in advance, with a complete statement of the reasons why it is considered desirable to have the examination charges waived by the Board. Examinations of State banks incident to their admission to membership in the System may be made without charge."

In the circumstances it is the Board's opinion that charges may properly be waived for examinations of State member banks made solely to develop the information required for certification to the Federal Deposit Insurance Corporation, and that in such instances the question of waiving the charge should be left to the determination of the Federal Reserve Agent. The Board feels, however, that in cases where the examination is regarded as a regular examination of the nature for which charges have consistently been made, the charge should not be waived simply because of the fact that the report of examination will serve as a basis for certification to the Federal Deposit Insurance Corporation. It will be appreciated if you will advise the Board of each case in which a charge is not made for the examination giving a concise statement of the reasons why the charge was not made in the particular case.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.