

FEDERAL RESERVE BOARD

334

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7916

June 15, 1934.

SUBJECT: Applications for Changes in Stock of
Federal Reserve Banks.

Dear Sir:

Recently there was submitted to the Federal Reserve Board an application filed by a member bank for additional stock in a Federal reserve bank, based upon an increase in the capital stock of the applicant through the sale of preferred stock, the increase being a part of the plan of recapitalization of the bank which also involved a reduction in the bank's common stock. The application was held in the Board's offices pending the reduction in the common capital stock and, when it was effected, the Board requested that a new application be submitted by the applicant on the basis of its then capital and surplus. In its letter to the Federal reserve agent the Board suggested that when the agent has information that an application for an adjustment in Federal reserve bank stock holdings is contemplated incident to the consummation of only a part of a plan which provides both for an increase and a decrease in the capital structure, it would be proper to suggest to the applicant bank that the application be withheld temporarily pending the completion of the entire recapitalization plan. If there is an unusual delay in the completion of the plan, the application

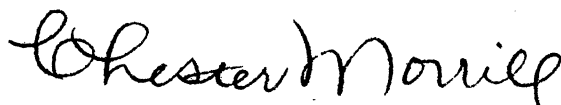
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should, of course, be executed and forwarded to the Board with the agent's recommendation and a statement of the pending changes in the applicant bank's capital structure.

The Board believes that this suggested procedure should be followed at all Federal reserve banks and, in this connection, it will be appreciated if, before forwarding to the Board applications of member banks for changes in Federal reserve bank stock holdings, you will carefully check each application against information available in your office relating to any changes in the bank's capital structure which may have been effected or approved. This matter is brought to your attention at this time for the reason that the Board has found it necessary in a number of cases recently to require the submission of amended applications to state correctly the basis upon which the applications were made or to correct the number of shares of Federal reserve bank stock involved.

Very truly yours,



Chester Morrill,
Secretary.

TO ALL FEDERAL RESERVE AGENTS.