

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9022

November 17, 1934.

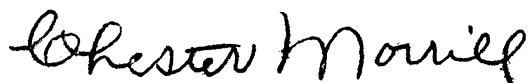
Dear Sir:

The Board recently received a letter from an applicant for an industrial loan under Section 13b of the Federal Reserve Act stating that he had received a bill from the Federal reserve bank to which the application was submitted, for several hundred dollars, representing the charge made by an outside firm of auditors for making an examination in connection with the application. The applicant for the loan states that he either overlooked entirely a paragraph in the bank's application form relating to payment of expenses, or else took it for granted that when he furnished a full detailed report by auditors of recognized standing there would be little, if any, expense involved for further investigation.

After considering the correspondence in this case, and the replies to the Board's telegram of October 12, 1934, Trans 2124, it is felt that, in order to avoid misunderstandings, it would be desirable for the Federal reserve bank before undertaking any investigation or examination in connection with an application for a loan under section 13b which may involve expense to the applicant to advise such applicant as to the bank's policy with respect to the payment of the expense of

such investigation or examination and to give the applicant an estimate of the amount of the charges it will be expected to pay wherever it is possible to do so. It does not appear to be sufficient to rely upon a printed statement in the application form, since such a statement may be overlooked or not fully appreciated by the applicant.

Very truly yours,



Chester Morrill,
Secretary.

TO THE CHAIRMEN OF ALL F. R. BANKS.