

## FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-9284

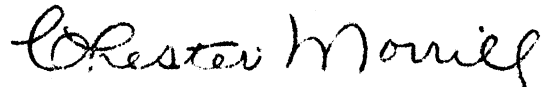
August 16, 1935.

Subject: Charges for examinations  
of State member banks.

Dear Sir:

There is attached for your information and guidance copy of a letter addressed by the Board under date of August 16, 1935, to the Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco with regard to charges for examinations of State member banks and their affiliates.

Very truly yours,



Chester Morrill,  
Secretary.

Inclosure

TO ALL FEDERAL RESERVE AGENTS

COPY

X-9284-a

August 16, 1935.

Mr. S. G. Sargent,  
Assistant Federal Reserve Agent,  
Federal Reserve Bank of San Francisco,  
San Francisco, Calif.

Dear Mr. Sargent:

Reference is made to your letter of July 13, 1935, regarding the cost of examination of affiliates of State member banks.

You state that it has been your practice to assess the cost of examinations of affiliates only in cases where the examination was made solely for the purpose of making recommendation for action in connection with applications for voting permits and that where examinations of affiliates have been made in connection with your regular examination of State member banks no charge had been made. You ask whether a charge should be made in such cases and whether you have authority to make such a charge without first referring the matter to the Federal Reserve Board for approval.

The Board feels that, as a general rule, if the costs of examination of a member bank are assessed against the bank, such costs should include the costs of examinations of the bank's affiliates, and that, if the costs of the examinations are not assessed against the bank, costs of examinations of the affiliates should not be assessed; and you are authorized to assess costs of examinations of affiliates on this basis. The Board feels, however, that the policy which you have

Mr. S. G. Sargent - 2.

X-9284-a

followed is proper and that the costs of examinations of affiliates made solely for the purpose of making recommendations in connection with applications for voting permits may properly be assessed, but in such cases it is suggested that the matter be referred to the Board before any assessment for costs of such examinations is made.

The question of uniform charges for examinations has been the subject of consideration by the Federal Reserve Agents and the Board for some time. As you were advised in a letter dated November 3, 1934, X-9011, the Board believed it advisable to defer action on the question of general uniform charges for examinations until after completion of examinations made in connection with certifications to the Federal Deposit Insurance Corporation and to continue in effect until July 1, 1935, the instructions regarding charges for examinations contained in the Board's letter of March 2, 1934, X-7010-a.

Further action on the general question of charges for examinations will be deferred awaiting the outcome of pending banking legislation. It is suggested, therefore, that for the time being, except in unusual circumstances and after submitting the matter to the Board, no change be made in the existing practice with respect to assessment of costs of examinations.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.