



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 18, 1938.

Dear Sir:

At most of the Federal Reserve banks there are arrangements approved by the Board of Governors whereby small, personal loans may be made to employees in meritorious cases at reasonable rates of interest. These arrangements have been made at various times and under varying circumstances. Consequently, no uniformity exists among the banks as to how, if at all, funds available for such loans and the loans made therefrom are reflected in assets and liabilities as reported on Form 34 and as to whether earnings and losses on loans to employees are currently reported on Form 95 and Form B-9, respectively.

It is believed that uniformity of accounting in this connection is desirable, and there is suggested for your consideration an arrangement under which loans to employees, upon proper authorization and within limits approved by the Board as to the aggregate amount of such loans outstanding at any one time, would be made from regular bank funds and reported on Form 34 in the item "Sundry items receivable". Earnings on such loans would be included currently on Form 95 in "All other" earnings, and any losses reported in the monthly statement of profit and loss items, Form B-9.

It will be appreciated if you will advise the Board whether you see any objections to the adoption at your bank of the arrangements and accounting procedure outlined above for handling loans to employees.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS
EXCEPT DALLAS AND SAN FRANCISCO