

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve Banks)

October 10, 1940

Mr. _____, Vice President,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

This refers to your letter of October 2, 1940, requesting the views of the Board with respect to the voting rights possessed by the _____ National Bank of _____ and its two subsidiary member banks, The First National Bank of _____, _____, and the _____ State Bank of _____, in connection with the approaching election of a Class B director of your bank.

It is understood that all three of the member banks involved belong to the same electoral group and that the specific question presented is whether the _____ National Bank of _____ may participate in the election in addition to such participation by one of the subsidiary member banks.

A similar question was considered by the Board several years ago and the Board concluded that it was the intent of the statute that in a situation of this kind all of the member banks in a single group controlled by the same interests should together have but one vote in such an election; and that this intent of the law is not affected by the circumstance that one of the member banks happens to be a holding company affiliate. Accordingly, it is the view of the Board that in the circumstances stated in your letter any one, but not more than one, of the three member banks named, when designated for the purpose in accordance with the provisions of section 4 of the Federal Reserve Act, may participate in the approaching election of a Class B director of your bank, and that therefore if the _____ National Bank of _____ elects to participate, neither of the other member banks may do so.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary.