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A. STATUTORY FRAMEWORK OF CONTROL

I. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, OFFICE OF THE GENERAL COUNSEL

Provisions of state laws relating to bank reserves

To provide a comprehensive view of the legal reserve requirements currently applied to banking institutions organized under state laws, the statutory provisions of various states relating to bank reserves are summarized. For each state, information is presented covering: (a) the financial institutions to which statutory reserve provisions apply; (b) the percentage of reserves required against deposits, demand and time; (c) the distribution of required reserves permitted by statute between those held in vault and those carried as balances with depositories; (d) provisions for the enforcement of statutory regulations; (e) special elaborating or modifying provisions incorporated in the statutes of individual states.

Recently completed, the results of this survey have been published in the Federal Reserve *Bulletin*.¹ The present summary is intended to supersede an earlier compilation of state reserve requirements published by the Board.²

¹ Federal Reserve *Bulletin*, March 1937, pp. 188-219.

² *Ibid.*, September 1930, pp. 570-97.

2. SECURITIES AND EXCHANGE COMMISSION, RESEARCH
DIVISION

*Existing regulation of investment trusts and companies
(Investment Trust Study)*

As an essential part of the background of its comprehensive investment trust inquiry, the Commission is making an extensive analysis of existing Federal and state governmental regulations that affect in one way or another the operations of investment trusts. In addition, the decisions of various courts concerning investment trusts and companies are being surveyed. 'Blue-Sky' laws, corporate laws and banking statutes are analyzed in terms of their applicability to investment trusts and companies.

In preparation under the direction of Paul P. Gourrich as a segment of the Commission's investment trust investigation authorized by the Public Utility Holding Company Act of 1935. This analysis is expected to be included in the reports of the investigation to be submitted to Congress in spring 1937.

See also IC(e) 1

3. NATIONAL BUREAU OF ECONOMIC RESEARCH

Federal and state laws affecting real estate financing

As another part of the National Bureau's investigation of real estate financing and economic stability, existing laws under which financial institutions make loans on real estate security are analyzed. The object is to ascertain what efforts different states have made to control real estate loans of financial institutions, and what types of limiting conditions they impose.

In preparation under the direction of David L. Wickens, an Associate of the National Bureau, and financed by a special contribution from the Social Science Research Council. Results of the analysis are to be included in studies of the National Bureau on real estate financing and economic stability.

For the main description of this project see VC₂

4. FENNIMAN, W. C. [PHOENIX STATE BANK AND TRUST COMPANY, HARTFORD, CONN.]

*Discretionary powers conferred on trustees*¹

The purpose of this study is to trace the development of discretionary investment powers conferred by statute on trustees and to determine the present status of such powers. Statutes of all states are covered, classified accordingly as they: (a) specify particular classes of securities eligible for trust investment; (b) restrict trust investments to securities approved by state supervisory authorities; (c) provide for approval of trust investments by the courts; (d) authorize trust investment in securities affording reasonable security and interest; (e) follow the so-called Massachusetts rule; (f) provide no restrictions on trust investment; (g) impose different restrictions on corporate trustees as opposed to individual trustees. Different forms of discretionary investment powers are analyzed on the basis of this survey.

¹ Thesis, Graduate School of Banking, American Institute of Banking, Section American Bankers Association.

5. GOLDSTEIN, L. E. [PUBLIC NATIONAL BANK AND TRUST
COMPANY, NEW YORK, N. Y.]

*A comparative study of laws governing trust
investments*¹

State laws regulating the investment of funds administered by trustees are surveyed to determine the range and variety of prevailing regulatory provisions. The purposes and effectiveness of specific statutory provisions are analyzed in order to establish a set of rules and regulations that might provide a framework for a uniform trust investment act.

¹ Thesis, Graduate School of Banking, American Institute of Banking, Section American Bankers Association.

6. MARQUIS, RALPH, [UNIVERSITY OF ROCHESTER]
SMITH, F. P.

Capital and surplus of state and national banks

In this project an examination has been made of state and national bank provisions relating to required capital, surplus, the accumulation of earned surplus, minimum and maximum capital, and the proportions of capital to surplus and total capital-surplus to deposits. The approach has been historical, with surveys of the provisions of state and national banking laws covering 1910, 1930 and 1935. In addition to the survey of capital and surplus provisions in banking laws, a statistical study has been made of accumulated earned surplus in 1929 and 1935 for both state and national banks. This has involved the compilation of percentages of total surplus to capital, and capital and surplus to deposits, and the preparation of frequency tables.

This project has been completed, and a report will be published in a professional journal in 1937.

See also IE14

7. MARQUIS, RALPH, [UNIVERSITY OF ROCHESTER]
SMITH, F. P.

Double liability feature of bank stock

Recent modifications of provisions of national and state banking laws imposing a double liability feature for bank stock suggest the need for a reexamination of the history of double liability requirements. This is undertaken in the present study. First, a general historical survey is made of the development of double liability provisions in banking laws in the United States and Canada; second, a comparative analysis of the status of double liability provisions in all state laws and in the National Banking Act as of 1910, 1930 and 1935.

8. NEUMEISTER, C. A. [NATIONAL BANK OF
AUBURN, AUBURN, N. Y.]

*Statutory regulation of investments for guardians*¹

This is a comprehensive study of the laws of the various states with respect to the legal rights and responsibilities of trust companies in investing funds for guardians. The attempt is made to show by charts and descriptions the need for greater uniformity in the laws of various jurisdictions concerning this important trust business function. Obsolete, difficult, and in some cases, ridiculous regulations are pointed out.

¹ Thesis, Graduate School of Banking, American Institute of Banking, Section American Bankers Association.