

shall establish branch banks in any place other than that designated in its articles of incorporation except in a city or village contiguous thereto."

Acting under the above provision of the laws of Ohio, the Guardian Trust Co. now has 9 branches, of which 4 only are located in contiguous villages and cities; the Union Trust Co. has 11 branches, of which 2 only are located in contiguous villages and cities; the Cleveland Trust Co. has 47 branches, of which 7 only are located in contiguous villages and cities. Other members of the Cleveland Clearing House Association have branches but not to the same extent as have the three banks first mentioned.

I think it is only fair to say that the Cleveland Trust Co., which has 47 branches located in Cuyahoga County, is extremely willing and anxious and gracious to the extent that they desire that the same privilege be granted to the other banks in the city of Cleveland, Ohio. When I was here last year, I was here for two banks, one the Guardian Trust Co. and the other the Union Trust Co., and at that time I tried to make the point that the Guardian Co. and the Union Trust Co. should at least be granted the same privileges that the Cleveland Trust Co. had, but this time I am here representing the uniform opinion of all the banks of Cleveland, Ohio.

The city of Cleveland stretches along the south shore of Lake Erie for a distance of probably 10 miles. Contiguous to it are Bratenahl with a population of about 50,000, Cleveland Heights with a population of about 25,000, Shaker Heights with a population of about 15,000, Euclid with a population of about 10,000, Lakewood with a population of about 60,000. Rocky River, Lindale, Garfield Heights, South Brooklyn, Fairview, Maple Heights, Newburgh Heights, and Brook Park, which with other smaller but rapidly increasing municipalities make up its metropolitan district. In all instances one municipality merges into another, without any perceptible dividing line. The city proper has been built up through mercantile, manufacturing, shipping, and jobbing operations, and not only are the best residential sections in these contiguous municipalities, but very numerous large industries are located therein. The consequence is that they are increasing in population very rapidly, and are demanding that banking facilities be brought directly to them, in order that they may eliminate waste of time, energy and risk. Owing to the wave of crime in American cities during and since the Great War, they demand places where they may deposit their money and obtain the same for their pay rolls without going in some instances 7 or 8 miles. Cleveland is really one great city with a population of not less than 1,250,000 people; with conditions as to its suburbs practically the same as those prevalent in every American city with a population of over 100,000.

There are few unit banks in the territories above set forth as contiguous to Cleveland, except one State bank in Lakewood and one national bank in Rocky River; but the laws of Ohio are such that building and loan companies may establish branches anywhere. This they have done; and in the county of Cuyahoga their resources are about \$200,000,000. In the State of Ohio their resources are approximately \$900,000,000. They are not obliged to enter into the Federal reserve system; they are a law unto themselves, and are in open competition with both State and National banks; which in many respects suffer unjustly from it.

The State banks of Ohio have considered the action of Congress taken in 1917 as their Magna Charta as far as their rights in connection with the Federal reserve system are concerned, and based upon that we have in Ohio what is called the "Graham banking bill," which became a law in 1919. From this we would like to quote section 710-5, for the purpose of showing that in every way possible the laws of Ohio concerning State banks were at that time coupled into the Federal reserve act. The section in question is as follows:

"Every bank, in addition to the powers, rights, and privileges possessed by it under the laws of Ohio, shall have the right and power to become a member bank under the Federal reserve act upon terms and conditions set forth in said Federal reserve act, or hereafter provided by law. Every bank which becomes a member bank shall have the right and power to do everything required of or granted by said Federal reserve act to member banks which are organized under State laws; and compliance by banks with the reserve requirements of said Federal reserve act shall be accepted in lieu of the reserve requirements provided by the laws of Ohio. Any such bank or trust company shall continue to be subject to the supervision and examinations required by the laws of this State, except that the Federal Reserve Board shall have the right, if it deems necessary, to make examinations; and the authorities of this State having supervision over such bank or trust company may disclose to the Federal Reserve