

UNITED STATES GOVERNMENTEXECUTIVE OFFICERS

President	- Franklin D. Roosevelt (elected Nov. 1932, inaugurated Jan. 20, 1933)
Secretary of Treasury	- Henry Morgenthau, Jr. (appointed Jan. 1, 1934, served until July 23, 1943)
Comptroller of Currency	- J. F. T. O'Connor (date of appointment May 11, 1933, resigned April 16, 1938)
Secretary of State	- Cordell Hull
Secretary of War	- George H. Dern
Secretary of Navy	- Claude A. Swanson
Secretary of Interior	- Harold L. Ickes
Secretary of Agriculture	- Henry A. Wallace
Secretary of Commerce	- Daniel C. Roper
Secretary of Labor	- Frances Perkins
Postmaster General	- James A. Farley
Attorney General	- Homer S. Cummings

1935
January

U. S. G O V E R N M E N T

HOUSE OF REPRESENTATIVES

Banking and Currency Committee

74th Congress

Democrats

STEAGALL, Henry B.
GOLDSBOROUGH, T. Alan
REILLY, Michael K.
HANCOCK, Frank
WILLIAMS, Clyde
DISNEY, Wesley E.
CROSS, O. H.
SPENCE, Brent
BROWN, Prentiss M.
SISSON, Fred J.
FARLEY, James I.
MEEKS, James A.
KOPPLEMANN, Herman P.
SCRUGHAM, James G.

Alabama
Maryland
Wisconsin
North Carolina
Missouri
Oklahoma
Texas
Kentucky
Michigan
New York
Indiana
Illinois
Connecticut
Nevada

Republicans

HOLLISTER, John B.
WOLCOTT, Jesse P.
CAVICCHIA, Peter A.
FISH, Jr. Hamilton

Ohio
Michigan
New Jersey
New York

1935
January

U. S. G O V E R N M E N T

S E N A T E

Banking and Currency Committee

74th Congress

Dem
Republicans

FLETCHER, Duncan U.
GLASS, Carter
WAGNER, Robert F.
BARKLEY, Alben W.
BULKLEY, Rober J.
GORE, Thomas P.
COSTIGAN, Edward P.
REYNOLDS, Robert R.
BYRNES, James F.
BANKHEAD, John H.
McADOO, William Gibbs
ADAMS, Alva B.

Florida
Virginia
New York
Kentucky
Ohio
Oklahoma
Colorado
North Carolina
South Carolina
Alabama
California
Colorado

NORBECK, Peter
TOWNSEND Jr. John G.
CAREY, Robert D.
COUZENS, James
STEIWER, Frederick

_____.
_____.
_____.

Rep
Democrats

South Dakota
Delaware
Wyoming
Michigan
Oregon

Ex Officio Members

Henry Morgenthau, Jr.

Secretary of the Treasury, Chairman

J. F. T. O'Connor

Comptroller of the Currency

Marriner S. Eccles, Governor*

J. J. Thomas, Vice Governor*

Charles S. Hamlin

Adolph C. Miller

George R. James

M. S. Szymczak

Lawrence Clayton, Assistant to the Governor

Elliott L. Thurston, Special Assistant to the Governor (May 9)

Secretary's Office

Chester Morrill, Secretary

J. C. Noell, Asst. Secretary

L. P. Bethea, Asst. Secretary

S. R. Carpenter, Asst. Secretary

Counsel's Office

Walter Wyatt, General Counsel

George B. Vest, Asst. Gen. Counsel (May 1)

B. Magruder Wingfield, Asst. Gen. Counsel (May 1)

Division of Research and Statistics

E. A. Goldenweiser, Director

Lauchlin Currie, Asst. Director

Woodlief Thomas, Asst. Director

Division of Security Loans

Carl E. Parry, Chief

Philip E. Bradley, Asst. Chief (Jan 2)

Division of Examinations

Leo H. Paulger, Chief

R. F. Leonard, Asst. Chief (May 1)

C. E. Cagle, Asst. Chief (May 1)

Frank J. Drinnen

Federal Reserve Examiner

Division of Bank Operations

E. L. Smead, Chief

J. R. Van Fossen, Asst. Chief

J. E. Horbett, Asst Chief (May 1)

Fiscal Agent

O. E. Foulk, Fiscal Agent

Josephine E. Lally, Deputy Fiscal Agent
(over)

*NOTE: In September 1935 the titles of Governor and Vice Governor were changed to Chairman and Vice Chairman. Therefore, the assistants to the Governor became assistants to the Chairman.

The dates found in parenthesis are significant to the beginning of the term served by each.

1935

FEDERAL RESERVE SYSTEM
FEDERAL ADVISORY COUNCIL

District No. 1 (Boston)	Thomas M. Steele
District No. 2 (New York)	James H. Perkins
District No. 3 (Philadelphia)	Howard A. Loeb, Vice President
District No. 4 (Cleveland)	Arthur E. Braun
District No. 5 (Richmond)	Charles M. Gohen
District No. 6 (Atlanta)	H. Lane Young
District No. 7 (Chicago)	Solomon A. Smith
District No. 8 (St. Louis)	Walter W. Smith, President
District No. 9 (Minneapolis)	Theodore Wold
District No. 10 (Kansas City)	W. T. Kemper
District No. 11 (Dallas)	Joseph H. Frost
District No. 12 (San Francisco)	M. A. Arnold

Walter Lichtenstein, Secretary

1935

FEDERAL RESERVE SYSTEM

FEDERAL OPEN MARKET COMMITTEE

Composed of 12 Governors of Federal Reserve Banks:

1. Boston -	Roy A. Young	7. Chicago -	G. J. Schaller
2. New York -	G. L. Harrison	8. St. Louis -	William Mc. Martin
3. Philadelphia -	George W. Norris	9. Minneapolis -	W. B. Geery
4. Cleveland -	E. R. Fancher (d.Ja.16) M. J. Fleming	10. Kansas City -	George H. Hamilton
5. Richmond -	George J. Seay	11. Dallas -	B. A. McKinney
6. Atlanta -	Oscar Newton (1/16)	12. San Francisco -	John U. Calkins

OFFICERS

Governor	-	R. A. Young
Deputy Governors	-	W. W. Paddock
Chairman and Federal Reserve Agent	-	F. H. Curtiss
Deputy Chairman	-	Allen Hollis

DIRECTORSClass A

Term Expires

Dec. 31

RIPLEY, A. L. (Boston, Mass.)

1935

SEWALL, Arthur (Bath, Maine)

1936

CHAMBERLAIN, F. S. (New Britain, Conn.)

1937 (re-elected)

Class B

ALLEN, P. R. (East Walpole, Mass.)

1935

FROST, E. J. (Boston, Mass.)

1936

FRENCH, E. S. (Boston, Mass.)

1937 (re-elected)

Class C

CURTISS, F. H. (Boston, Mass.) Chairman and FR Agent

1935

HOLLIS, Allen (Concord, N.H.) Deputy Chairman

1936

MERRIMAN, C. H. (Providence, R.I.)

1937 (re-appointed)

OFFICERS

Governor	-	G. L. Harrison
Deputy Governors	-	W. R. Burgess J. E. Crane W. S. Logan L. R. Rounds L. F. Sailer C. H. Coe
Chairman and Federal Reserve Agent	-	J. H. Case
Deputy Chairman	-	Owen D. Young

1935

Federal Reserve Bank of NEW YORK (Dist. 2)DIRECTORS

<u>CLASS A</u>	<u>Term Began</u>	<u>Dec. 31</u> <u>Term Ended</u>
MILLS, Edward K. (Morristown)	1/1/33	1935
BERRY, Cecil R. (Waverly)	1/1/34	1936
DAVISON, George W. (Greenwich)	1/1/35	1937 (reelected)
<u>CLASS B</u>		
TEAGLE, Walter C. (Port Chester)	1/1/33	1935
STEVENS, Robert T. (Plainfield)	1/1/34	1936
WATSON, Thomas J. (Short Hills)	1/1/35	1937 (reelected)
<u>CLASS C</u>		
YOUNG, Owen D. (New York)	1/1/33	1935 (Deputy Chairman)
WOOLLEY, Clarence M. (Greenwich)	1/1/34	1936
CASE, J. Herbert (Plainfield)	1/1/35	1937 (reappointed) (Chairman)

OFFICERS

Governor	-	G. W. Norris
Deputy Governors	-	W. H. Hutt J. S. Sinclair C. A. McIlhenny
Chairman and Federal Reserve Agent	-	R. L. Austin
Deputy Chairman	-	

Federal Reserve Bank of Philadelphia (Dist. 3)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
WAYNE, Joseph (Jr.) (Philadelphia, Pa.)	1935
REILY, G. W. (Harrisburg, Pa.)	1936
HENNING, J.B. (Tunkhannock, Pa.)	1937 (re-elected)
<u>Class B</u>	
SEWALL, A. W. (Philadelphia, Pa.)	1935
DeLaCOUR, J. C. (Camden, N.J.)	1936
STOUT, C. F.C. (Philadelphia, Pa.)	1937 (re-elected)
<u>Class C</u>	
AUSTIN, R. L. (Philadelphia, Pa.) Chairman and FR Agent	1935
STERN, J. D. (Philadelphia, Pa.)	1936 (appointed)
CANNON, H.L.(Bridgeville, Del.)	1937 (re-appointed)

OFFICERS

Governor	-	E. R. Fancher (Died Jan. 16, 1935) M. J. Fleming (Effective Jan. 19, 1935)
Deputy Governors	-	F. J. Zurlinden H. F. Strater
Acting Chairman	-	E. S. Burke, Jr.
Acting Federal Reserve Agent	-	W. H. Fletcher
Deputy Chairman	-	Vacancy

1935

Federal Reserve Bank of Cleveland (Dist. 4)

DIRECTORSClass ATerm Expires
Dec. 31

WARDROP, R. A. (Pittsburgh, Pa.)

1935

CONNER, B.R. (Ada, Ohio)

1936

LAMBERTON, Chess (Franklin, Pa.)

1937 (re-elected)

Class B

CRABBS, G. D. (Cincinnati, Ohio)

1935

GALVIN, J. E. (Lima, Ohio)

1936

WRIGHT, R. P. (Erie, Pa.)

1937 (re-elected)

Class C

BURKE, E.S. (Jr.) Cleveland, Ohio) Acting Chairman

1935

KNIGHT, W.W. (Toledo, Ohio)

1936

vacancy

1937

OFFICERS

Governor	-	G. J. Seay
Deputy Governors	-	C. A. Peple R. H. Broadus
Chairman and Federal Reserve Agent	-	W. W. Hoxton (died Dec. 20)
Deputy Chairman	-	F. A. Delano

DIRECTORSClass ATerm Expires
Dec. 31

JOHNSON, L. E. (Alderson, W. Va.)
RIEMAN, C. E. (Baltimore, Md.)
BRASWELL, J. C. (Rocky Mount, N.C.)

1935
1936
1937 (re-elected)

Class B

MALLOY, Edwin (Cheraw, S.C.)
REED, C. C. (Richmond, Va.)
HANNA, J. H. (Washington, D.C.)

1935
1936
1937 (re-elected)

Class C

HOXTON, W. W. (Richmond, Va.) Chairman and FR Agent
DELANO, F. A. (Washington, D.C.) Deputy Chairman
LASSITER, Robert (Mooresville, N.C.)

1935 (died Dec. 20, 1935)
1936
1937 (re-appointed)

OFFICERS

Governor	-	Oscar Newton (Eff. Jan. 16, 1935)
Deputy Governors	-	H. W. Martin H. F. Conniff
Chairman and Federal Reserve Agent	-	Oscar Newton (Res. Jan. 15, 1935)
Deputy Chairman	-	W. H. Kettig

1935

Federal Reserve Bank of Atlanta (Dist. 6)

DIRECTORSClass A

WARE, G. G. (Leesburg, Fla.)
CLAY, R. G. (Atlanta, Ga.)
COOK, W. D. (Meridian, Miss.)

Term Expires
Dec. 31

1935
1936
1937 (elected)

Class B

SIMON, L. C. (New Orleans, La.)
McCRRARY, J. A. (Decatur, Ga.)
HALL, Fitzgerald (Nashville, Tenn.)

1935
1936
1937 (elected)

Class C

NEWTON, Oscar (Atlanta, Ga.) Chairman and FR Agent
ALLEN, J. P. (Atlanta, Ga.)
KETTIG, W. H. (Birmingham, Ala.) Deputy Chairman

1935 (Res. Jan. 15)
1936
1937 (re-appointed)

OFFICERS

Governor	-	G. J. Schaller
Deputy Governors	-	H. P. Preston C. R. McKay J. H. Dillard
Chairman and Federal Reserve Agent	-	E. M. Stevens
Deputy Chairman	-	James Simpson

Federal Reserve Bank of Chicago (Dist. 7)

DIRECTORSClass A

Term Expires
<u>Dec. 31</u>

WILLIAMS, F.D. (Iowa City, Iowa)

1935

LEAVELL, J. R. (Chicago, Ill.)

1936

ESTBERG, E.R. (Waukesha, Wis.)

1937 (re-elected)

Class B

NOYES, N. H. (Indianapolis, Ind.)

1935

BABB, M. W. (Milwaukee, Wis.)

1936

CRAPO, S. T. (Detroit, Mich.)

1937 (re-elected)

Class C

SIMPSON, James (Chicago, Ill.) Deputy Chairman

1935

STEVENS, E. M. (Chicago, Ill.) Chairman and FR Agent

1936

Vacancy

1937

OFFICERS

Governor	-	W. McC. Martin
Deputy Governors	-	O. M. Attebery J. G. McConkey
Chairman and Federal Reserve Agent	-	J. S. Wood
Deputy Chairman	-	Paul Dillard

1935

Federal Reserve Bank of St. Louis (Dist. 8)

DIRECTORSClass ATerm Expires
Dec. 31

LONSDALE, J. G. (St. Louis, Mo.)
NAHM, M. B. (Bowling, Green, Ky.)
HITT, F. G. (Ziegler, Ill.)

1935
1936
1937 (re-elected)

Class B

STURDIVANT, M. P. (Glendora, Miss.)
HARRIS, J. W. (St. Louis, Mo.)
PLUNKETT, W. B. (Little Rock, Ark.)

1935
1936
1937 (re-elected)

Class C

STANLEY, J. R. (Evansville, Ind.)
WOOD, J. S. (St. Louis, Mo.) Chairman and FR Agent
DILLARD, Paul, (Memphis, Tenn.) Deputy Chairman

1935
1936
1937 (re-appointed)

1935

Federal Reserve Bank of Minneapolis (Dist. 9)

OFFICERS

Governor	-	W. B. Geery
Deputy Governors	-	Harry Yaeger H. I. Ziemer
Chairman and Federal Reserve Agent	-	J. N. Peyton
Deputy Chairman	-	H. P. Clark

Federal Reserve Bank of Minneapolis (Dist. 9)

DIRECTORSClass ATerm Expires
Dec. 31

KIBBEE, H. R. (Mitchell, S. Dak.)

1935

HANSEN, H. C. (Churchs Ferry, N. Dak.)

1936

GRANGAARD, M.O. (Minneapolis, Minn.)

1937 (re-elected)

Class B

O'CONNELL, J. E. (Helena, Mont.)

1935

FUNK, A. P. (La Crosse, Wis.)

1936

WASHBURN, W. O. (St. Paul, Minn.)

1937 (re-elected)

Class C

PEYTON, J. N. (Minneapolis, Minn.) Chairman and FR Agent

1935

CLARK, H. P. (St. Paul, Minn.) Deputy Chairman

1936

McCORMICK, G. W. (Menominee, Mich.)

1937 (re-appointed)

1935

Federal Reserve Bank of Kansas City (Dist. 10)

OFFICERS

Governor	-	G. H. Hamilton
Deputy Governors	-	C. A. Worthington J. W. Helm
Chairman and Federal Reserve Agent	-	
Deputy Chairman	-	E. P. Brown

Federal Reserve Bank of Kansas City (Dist. 10)

DIRECTORSClass A

	Term Expires
	<u>Dec. 31</u>

MULLANEY, E. E. (Collyer, Kans.)

1935

PARKS, C. C. (Denver, Colo.)

1936

SPONABLE, F. W. (Paola, Kans.)

1937 (re-elected)

Class B

PHILLIPS, L. E. (Bartlesville, Okla.)

1935

HOSFORD, W. D. (Omaha, Nebr.)

1936

BERNARDIN, J. M. (Kansas City, Mo.)

1937 (re-elected)

Class C

Vacancy

BROWN, E. P. (Davey, Nebr.) Deputy Chairman

1936

DOOLIN, J. B. (Alva, Okla.)

1937 (re-appointed)

1935

Federal Reserve Bank of Dallas (Dist. 11)

OFFICERS

Governor	-	B. A. McKinney
Deputy Governors	-	R. R. Gilbert R. B. Coleman
Chairman and Federal Reserve Agent	-	C. C. Walsh
Deputy Chairman	-	S. B. Perkins

Federal Reserve Bank of Dallas (Dist. 11)

DIRECTORS

<u>Class A</u>	<u>Term Expires</u> <u>Dec. 31</u>
MORRIS, Alf. (Winnsboro, Tex.)	1935
HARDING, R. E. (Fort Worth, Tex.)	1936
HOOKS, P. E. (Itasca, Tex.)	1937 (elected)
<u>Class B</u>	
MIDDLETON, J. D. (Greenville, Tex.)	1935
MILAM, J. R. (Waco, Tex.)	1936
CLEVELAND, A. S. (Houston, Tex.)	1937 (re-elected)
<u>Class C</u>	
BROWN, E. R. (Dallas, Tex.)	1935
PERKINS, S. B. (Dallas, Tex.) Deputy Chairman	1936
WALSH, C. C. (Dallas, Tex.) Chairman and FR Agent	1937 (re-appointed)

1935

Federal Reserve Bank of San Francisco (Dist. 12)

OFFICERS

Governor	-	J. U. Calkins
Deputy Governors	-	W. A. Day Ira Clerk
Chairman and Federal Reserve Agent	-	
Deputy Chairman	-	W. N. Moore

Federal Reserve Bank of San Francisco (Dist. 12)

DIRECTORSClass ATerm Expires
Dec. 31

RAMSAY, T. H. (San Francisco, Calif.)

1935

POWELL, Keith (Salem, Oreg.)

1936

McINTOSH, C. K. (San Francisco, Calif.)

1937 (re-elected)

Class B

DOHRMANN, A. B. C. (San Francisco, Calif.)

1935

McNAGHTEN, Malcolm (Los Angeles, Calif.)

1936

COX, E. H. (Madera, Calif.)

1937 (re-elected)

Class C

Vacancy

MOORE, W.N. (San Francisco, Calif.) Deputy Chairman

1936

WELCH, A. P. (San Francisco, Calif.)

1937 (re-appointed)

1935

April 15, 19

HEARINGS

U.S. Congress. Senate. Banking and currency
committee.

Nomination of Marriner S. Eccles to be a
member of the Federal Reserve Board: HEARING
before a subcommittee ... 74th cong., 1st sess.
on the nomination of Marriner S. Eccles to be
a member of the Federal Reserve board. April
15 and 19, 1935. Wash., Govt. ptg. off., 1935.
18 p.

HG
2562
.A2
1935

F.R.Bd.L.

a

1935

Apr.19-June 3

U.S.Congress. Senate. Committee on banking and currency.

Banking act of 1935: hearings before a sub-committee ... 74th cong., 1st sess. on S.1715, a bill to provide for the sound, effective and uninterrupted operation of the banking system, and for other purposes. Apr.19 to June 3, 1935. Wash., Govt. ptg. off., 1935.

2 pts.

(Consolidated)

Testi- Eccles, M.S. May 10 and 13 pp.279-325

mony: Hamlin, C.S. (Bd. mbr) May 31, pp.940-957

James, G.R. " " May 31 pp.922-931

Miller, A.C. " " May 24 pp.676-776

Morgenthau, H. Jr. " 17 pp.503-509

F.R.Bd.L. O'Connor (Compt. Curr.) pp.61-69; 99-178 a

HEARINGS

(BANKING ACT OF
1935)

HG
2560
.A2
1935S

1935

HEARINGS

Feb., Mar., Apr.

U. S. Congress. House. Committee on banking and
currency.

HG
2560

Banking act of 1935: hearings ... 74th cong.,
1st sess. on H.R. 5357, a bill to provide for
the sound, effective, and uninterrupted operation
of the banking system, and for other purposes.
Feb. 21, 22, 26-28, Mar. 1, 4-6, 11-15, 18-22, 25-28,
Apr. 2, 8, 1935. Wash., Govt. ptg. off., 1935.

.A2
1935

882 p.

/351-431

Testi- Eccles, M. S. n Mar. 4, pp. 179-261; Mar. 14, 263-350; Mar 18
mony: O'Connor, J. F. T. (Compt. Curr.) pp. 143-178; 661-703

F. R. Bd. L.

a

1935
June 14

LEGISLATION

[PUBLIC RESOLUTION—No. 25—74TH CONGRESS]

[H. J. Res. 320]

JOINT RESOLUTION

To extend from June 16, 1935, to June 16, 1938, the period within which loans made prior to June 16, 1933, to executive officers of member banks of the Federal Reserve System may be renewed or extended.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (g) of section 22 of the Federal Reserve Act is hereby amended by striking out: "*Provided*, That loans heretofore made to any such officer may be renewed or extended not more than two years from the date this paragraph takes effect, if in accord with sound banking practice." and inserting in lieu thereof: "*Provided*, That loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than five years from such date where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank and that the officer indebted has made reasonable effort to reduce his obligation, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank."

Approved, June 14, 1935.

[PUBLIC RESOLUTION—No. 38—74TH CONGRESS]

[S. J. Res. 152]

JOINT RESOLUTION

To extend to August 31, 1935, the temporary plan for deposit insurance provided for by section 12B of the Federal Reserve Act as amended.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12B of the Federal Reserve Act, as amended, is amended (1) by striking out "July 1, 1935" wherever it appears in subsections (e), (1) and (y), and inserting in lieu thereof "August 31, 1935"; and (2) by striking "June 30, 1935" where it appears in the first sentence of the eighth paragraph of subsection (y), and inserting in lieu thereof "August 31, 1935"; and (3) by adding to subsection (y) the following additional paragraph "The deposits in banks which are on June 30, 1935, members of the fund or the fund for mutuals shall continue to be insured during such extended period to August 31, 1935, without liability on the part of such banks to further calls or assessment."

Approved, June 28, 1935.

This Act amended the Federal Reserve Act with regard to:

Federal deposit insurance.

Maximum insurance.

Assessments.

Payment of interest on deposits, etc.

Insurance of nonmember banks.

President and vice presidents of Federal Reserve banks.

Reduction in Federal Reserve bank stock to conform to reduction in member bank's surplus.

Certification to Comptroller of the Currency upon change in capital stock of Federal Reserve bank.

Retention of ineligible assets by converting banks.

Requirements for admission to Federal Reserve System.

Publication of condition reports of State member banks.

Branches of State member banks.

Separation of State member bank stock certificates from those of other corporations.

Names of Board, governor, and vice governor.

Organization of Board.

For summary see

Source: Supplement to statement on Evolution of Banking Legislation by
Walter Wyatt, October 26, 1939. Exhibit G.

1935 .

2

LEGISLATION

August 23 "Banking Act of 1935" *cont'd.*

This Act amended the Federal Reserve Act with regard to:

- Salaries and reappointment of Board members.
- Record of action by Board and Open Market Committee.
- Advances to member banks.
- Access of State banking authorities to examination reports of national bank trust departments.
- Limitation on loans by member banks on Government obligations.
- Open market operations.
- Indorsement or other security sufficient for Reserve bank discounts for individuals.
- Changes in wording of section 13b.
- Purchase and sale of Government obligations and Government guaranteed obligations.
- Discount rates of Reserve banks.
- Reserve requirements of member banks.
- Definition by Board of various classes of deposits.
- Deduction of "amounts due from banks" in computing reserve requirements.
- Payment of deposits and interest thereon by member banks.
- Reserves required against Government deposits.
- Waiver of reports of examinations of affiliates.
- Retirement annuities of employees in office of Comptroller of Currency.

For summary see

Source: Supplement to statement on Evolution of Banking Legislation by
Walter Wyatt, October 26, 1939. Exhibit G.

August 23 "Banking Act of 1935" *cont'd.*

LEGISLATION

This Act amended the Federal Reserve Act with regard to:

- Criminal provisions clarified, extended to insured banks.
- Federal Deposit Insurance Corporation examiners subjected to criminal provisions.
- Borrowings by executive officers of member banks; elimination of criminal penalty.
- Restrictions on loans to affiliates relaxed.
- Real estate loans by national banks.
- Industrial loans relieved of real estate restrictions.
- Interlocking directorates.
- Reduction in stock of national bank.
- "Accidental" holding company affiliates eliminated.
- Affiliation with securities companies; exception.
- Interlocking relationships between member banks and securities companies.
- Interlocking bank directorates.
- Preferred stock and capital notes and debentures.
- Embezzlements.

For summary see

Source: Supplement to statement on Evolution of Banking Legislation by
Walter Wyatt, October 26, 1939. Exhibit G.

1935
August 23

The Banking Act of 1935, approved August 23, 1935, changed the name of the Federal Reserve Board to the Board of Governors of the Federal Reserve System and provided that the Board should be composed of seven appointive members; that the Secretary of the Treasury and the Comptroller of the Currency should continue to serve as members until February 1, 1936; that the appointive members in office on the date of that act should continue to serve until February 1, 1936, or until their successors were appointed and had qualified and that thereafter the terms of members should be 14 years and that the designation of Chairman and Vice Chairman of the Board should be for a term of four years.

1935

FEDERAL RESERVE SYSTEM

POLICY ACTION

(See 1934 - Feb. 1934 - May 1935)

9.102. **Kentucky statute authorizing State banks to become members.**—Under applicable Kentucky statutes, State banks and trust companies in that State were authorized to become members of the Federal Reserve System and to subject themselves to all provisions of the Federal Reserve Act and amendments and to the regulations of the Federal Reserve Board applicable to State member banks. *Louisville Bridge Commission v. Louisville Trust Co.*, 258 Ky. 846, 81 S.W.(2d) 894 (1935).

9.184. Applicability of Regulation F to State member banks.—

The Louisville Bridge Commission issued bonds under which the Louisville Trust Company acted as trustee. Pursuant to the State Declaratory Judgment Act, the court was presented with the question whether the trust company, which was a member of the Federal Reserve System, might secure the deposits of the Bridge Commission by transferring them to its commercial department and by setting aside specific readily marketable securities in its trust department to secure their repayment. It was held that the right of the depositary trust company to pledge such collateral to secure the deposits was permitted by Regulation F of the Federal Reserve Board, since those regulations provided that trust funds held by a member bank (*sic*) might be deposited in its commercial or savings department to the credit of the trust department provided that the bank should first deliver to the trust department, as collateral security, bonds, notes, or certificates of indebtedness of the United States, or other readily marketable securities. It was pointed out that, while the Board's Regulation F speaks only of national banks, "it is clear that it was intended to apply to all member banks, especially when it is read in connection with that portion of the National Banking Act dealing with the rights and powers of State banks as members of the Federal Reserve System, U.S.C. Title 12, sec. 330 (12 U.S.C.A. sec. 330)," (Paragraph 12 of section 9 of the Federal Reserve Act). It was held, therefore, that pursuant to the Regulation F of the Federal Reserve Board the trust company had the right to secure the deposits of the Commission in the manner described. *Louisville Bridge Commission v. Louisville Trust Company*, 258 Ky. 846, 81 S.W. (2d) 894 (1935).

NOTE.—Notwithstanding the above decision, it should be noted that section 11(k) of the Federal Reserve Act, authorizing the Board to promulgate regulations for the enforcement of that section, relates to the exercise of trust powers by national banks only.

13.703. Right of set-off denied.—Under the Board's Regulation J, checks received by a Federal Reserve bank for collection are held by it as agent only. Accordingly, where such checks are presented by the Federal Reserve bank to the drawee bank and the latter bank remits a draft in payment, there is no such mutuality of debts between the drawee bank and the Federal Reserve bank as would justify the Reserve bank in offsetting the draft against the drawee's reserve account. *Anderson v. Federal Reserve Bank of Boston*, 69 Fed. (2d) 319 (C.C.A. 5th, 1934), *cert. den.*, 293 U. S. 562 (1935).

NOTE.—In this case the court distinguished the case of *Early v. Federal Reserve Bank of Richmond* (See 13.700) on two grounds, one of which was that at the time of that decision Regulation J expressly authorized the Reserve bank to charge against a member bank's reserve balance checks sent to the latter for collection. For statement of facts in the *Anderson* case, see 13.705.

13.705. Liability of Federal Reserve bank for checks credited after failure of drawee bank.—Checks drawn on a national bank were presented by mail through a Federal Reserve bank. The national bank honored the checks and canceled them and in payment therefor issued its draft against its reserve account with the Federal Reserve bank. The draft was mailed to a branch of the Federal Reserve bank which set it aside for report to the main office and entry on the books thereof. Subsequent to receipt of the draft by the branch of the Federal Reserve bank, but before the transaction had been reported to the Federal Reserve bank, the national bank was suspended and a receiver appointed and notice of this fact came to the Federal Reserve bank. The Federal Reserve bank thereupon sought and obtained an interpleader for the purpose of determining whether the amount of the checks was owed by the Federal Reserve bank to the check holders or to the receiver of the national bank as a part of that bank's reserve. It was held that the action of the branch of the Federal Reserve bank in acting upon and consenting to the draft of the national bank was as effective as if such action had been taken by the Federal Reserve bank itself; that the draft had therefore been consented to prior to the national bank's failure; and that the checkholders and not the receiver of the national bank were the creditors of the Reserve bank for the sums represented by such draft. *Anderson v. Federal Reserve Bank of Boston*, 69 Fed. (2d) 319 (C.C.A. 5th, 1934), affirming 2 Fed. Supp. 25 (D.C. Fla., 1932), *cert. den.*, 293 U.S. 562 (1935).

13.2720. Bonds deposited with Reserve bank as security for loan to member bank.—Plaintiff's decedent deposited certain Liberty bonds with a national bank, receiving therefor a certificate of deposit providing for the payment of interest on the certificate and for the return of the bonds upon 30 days' notice. The certificate did not refer to particular bonds. The bank pledged the bonds with the Federal Reserve bank as collateral security for a loan. Plaintiff brought an action of detinue against the Federal Reserve bank for the recovery of the bonds, alleging that they had been deposited with the national bank for safekeeping. It was held that the evidence did not sufficiently show that the bonds were deposited merely for safe-keeping; that even if such was the case, the Federal Reserve bank was a bona fide holder of the bonds in due course; and that therefore plaintiff could not recover. *Bragg v. Federal Reserve Bank of Richmond*, 164 Va. 30, 178 S.E. 680 (1935).

13.2750. Unavailing against Reserve bank as holder in due course.—Certain notes executed by defendant to a member bank were transferred to the plaintiff Federal Reserve bank as collateral security for a loan by the plaintiff to the member bank. When the member bank closed its doors, there was a balance to the credit of the defendant in its account. In a suit by the Federal Reserve bank on the notes, the defendant filed a declaration in set-off. It was held, however, that the Federal Reserve bank was the holder in due course to the extent of its lien, and that therefore the defendant was not entitled to set off the amount of the deposit to its credit in the closed member bank as against the plaintiff Federal Reserve bank. *Federal Reserve Bank of Boston v. Gray-United Stores*, 194 N.E. 709 (Mass. 1935).

NOTE.—For a case involving substantially similar facts and holding to the same effect, see *Federal Reserve Bank of Richmond v. Duffy*, 210 N.C. 598, 188 S.E. 82 (1936). And see also digests of cases immediately following. As to status of Reserve bank as holder in due course, see 13.2720 et seq.

25(b).101. **Suits involving less than jurisdictional amount.**—The purpose of this section was to grant full right of recourse to the Federal courts to Federal Reserve banks which have become important agencies of the Federal Government in its control of banking and currency. Accordingly, even though a suit by a Federal Reserve bank involves less than jurisdictional amount prescribed by section 24(1) of the Judicial Code (28 U.S.C.A., sec. 41 (1)), such a suit, by virtue of this section, falls within the jurisdiction of a Federal district court. The fact that an action had previously been brought in a State court did not alter this result, since a nonsuit had been taken in that action. *Federal Reserve Bank of Richmond v. Kalin*, 77 Fed. (2d) 50 (C.C.A. 4th, 1935).

NOTE.—For subsequent proceedings in same case, see 81 Fed. (2d) 1003 (13.2741). For a case involving substantially similar facts and holding to the same effect, see *Federal Reserve Bank of Philadelphia v. Krauss*, U.S. Dist. Ct. for District of New Jersey, 1935 (unreported).

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See also 1934 - # 11.501

LITIGATION