

A meeting of the Federal Reserve Board was held in Washington on Monday, February 6, 1933, at 11:20 a. m.

PRESENT: Mr. Mills, Chairman
Mr. Meyer, Governor
Mr. Hamlin
Mr. Miller
Mr. James

Mr. Morrill, Secretary
Mr. McClelland, Assistant Secretary
Mr. Harrison, Assistant to the Governor.

The minutes of the meetings of the Federal Reserve Board with the Open Market Policy Conference held on January 4 and 5, 1933, were approved.

The minutes of the meetings of the Federal Reserve Board held on January 6, 17 and 19, 1933, were approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on January 12, 1933, were approved, and the actions recorded therein were ratified unanimously.

The Board then considered and acted upon the following matters:

Letter dated February 2, 1933, from the Secretary of the Federal Reserve Bank of New York, and telegram dated February 2, 1933, from the Chairman of the Federal Reserve Bank of San Francisco, both advising that at meetings of their directors on the dates stated no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated January 28, 1933, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the Board grant to Miss Nora V. Elder, an employee of the division who has undergone a major operation and is still in the hospital, a leave of absence of thirty days from February 1, 1933, in addition to the regular sick leave of thirty

2/6/33

-2-

days; the recommendation having been approved by four members of the Board on February 3, 1933.

Approved.

Memorandum dated February 2, 1933, from Mr. Smead, Chief of the Division of Bank Operations, recommending the appointment, as of February 6, 1933, of Mrs. Gladys L. Kullberg as a file clerk and stenographer in the division, with salary at the rate of \$1,500 per annum; the recommendation having been approved by four members of the Board on February 4, 1933.

Approved.

Memorandum dated February 3, 1933, from Mr. Paulger, Chief of the Division of Examinations, recommending approval of a leave of absence of eleven days, in excess of the maximum of thirty days which in the absence of special circumstances might be allowed for sick leave in any one year, on account of illness for Mr. F. J. Drinnen, Federal Reserve Examiner, who was unable to attend to his official duties from October 22 to December 1, 1932, because of a major operation.

Approved.

Telegram received under date of January 28, 1933, from the Chairman of the Federal Reserve Bank of Chicago, and circulated among the members of the Board, advising of acceptance by the board of directors, as of January 25, 1933, of the resignation of Mr. George M. Reynolds as a Class A director of the bank, and stating that arrangements are being made for the election of a successor to Mr. Reynolds, and that March 6, 1933, has been fixed as the date for the opening of the polls.

Noted.

2/6/33

-3-

Letter dated February 3, 1933, to Assistant Deputy Governor Netterstrom of the Federal Reserve Bank of Chicago, approved by four members of the Board, stating that in accordance with the request contained in his letter of January 7, 1933, the Board has approved changes in personnel classification plans of the head office and Detroit branch to provide for changes in titles of a number of positions at the head office and branch, for a reduction in the salary ranges of three positions and for the discontinuance of two positions at the head office.

Approved.

Letter dated February 2, 1933, to the Acting Comptroller of the Currency, approved by three members of the Board, stating that in accordance with the recommendation contained in his letter of January 24, 1933, the Federal Reserve Board has approved a salary at the rate of \$4,200 per annum for National Bank Examiner Thomas M. Williams, assigned to the Fifth Federal Reserve District.

Approved.

Telegraphic reply on February 2, 1933, approved by five members of the Board, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority for an advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the National City Bank, New Rochelle, New York, in the amount of \$300,000, for a period of 90 days, with interest at the rate of 5% per annum, and on the security of miscellaneous mortgages and ineligible unsecured notes with a margin of at least 25%; Deputy Governor Rounds stating that the bank desires the advance to meet anticipated further withdrawals

2/6/33

-4-

resulting from the closing of the First National Bank in Mamaroneck, New York. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply on February 2, 1933, approved by five members of the Board, to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York requesting authority for a renewal in the reduced amount of \$65,725, for a period of 90 days from February 3, 1933, with interest at the rate of 5% per annum, of the advance made by the New York bank in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Jefferson Trust Company, Hoboken, New Jersey, under the authority of the Board's telegrams of June 6, September 6 and December 5, 1932, and for a further advance to the trust company in accordance with the provisions of section 10(b) in the amount of \$10,000, for a period of 90 days, with interest at the rate of 5% per annum, and on the security of customers' collateral notes with a margin of at least 25%; Deputy Governor Rounds stating that the funds are desired to meet continued withdrawals. The reply stated that the Board authorizes the renewal and the additional advance in accordance with the terms and conditions recommended.

Unanimously approved.

Telegraphic reply on February 4, 1933, approved by five members of the Board to a telegram of that date from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for a further advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Larchmont National Bank and Trust Company, Larchmont,

2/6/33

-5-

New York, in the amount of \$230,000, for a period of ninety days, with interest at the rate of 5% per annum; \$130,000 of the advance to be secured by bonds and miscellaneous customers' secured notes and mortgages in the amount of \$170,000, and \$100,000 to be secured by the national bank's equity in collateral totaling approximately \$600,000 held by the Federal reserve bank and the Reconstruction Finance Corporation and against which the latter is also advancing \$100,000 to the national bank. The telegram stated that the national bank has been under heavy pressure since the closing of the First National Bank in Mamaroneck, New York, and the advance is desired to meet that situation. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply to a telegram dated February 6, 1933, from Deputy Governor Rounds of the Federal Reserve Bank of New York, requesting authority for an advance, in accordance with the provisions of section 10(b) of the Federal Reserve Act as amended, to the First National Bank, Harrisville, New York, in the amount of \$10,000, for a period of ninety days, with interest at the rate of 5% per annum, and on the security of miscellaneous domestic bonds with a margin of at least 25%; Deputy Governor Rounds stating that the advance is desired to meet anticipated further withdrawals of deposits. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Telegraphic reply on February 1, 1933, approved by five members of the Board, to telegrams of that date from the Governor of the Federal

2/6/33

-6-

Reserve Bank of St. Louis requesting authority for an advance in accordance with the provisions of section 10(b) of the Federal Reserve Act, to the Union Trust Company, Little Rock, Arkansas, in the amount of \$153,500, for a period of 30 days, with interest at the rate of 5% per annum, and on the security of miscellaneous unsecured paper, first mortgage notes, notes secured by stocks and bonds, and notes secured by bills receivable, in the total amount of \$230,253; Governor Martin stating that the bank desires the advance to meet anticipated withdrawals pending completion of arrangements for a loan from the Reconstruction Finance Corporation. The reply stated that the Board authorizes the advance subject to the terms and conditions recommended.

Unanimously approved.

Reply on February 3, approved by four members of the Board, to a letter dated January 19, 1933, from the Acting Comptroller of the Currency recommending approval of the application of the Crocker National Bank, Turners Falls, Massachusetts, for permission to reduce its capital stock from \$150,000 to \$75,000 and immediately thereafter to increase the capital stock to \$100,000 by the sale of new shares. The reply stated that the Board approves the proposed reduction under the plan submitted, subject to certain conditions set forth in the reply.

Approved.

Reply on February 3, approved by four members of the Board, to a memorandum dated January 4, 1933, from the Acting Comptroller of the Currency recommending approval of the application of the Capitol National Bank and Trust Company, Hartford, Connecticut, for permission to reduce

2/6/33

-7-

its capital stock from \$600,000 to \$300,000. The reply stated that the Board approves the reduction subject to certain conditions set forth in the reply.

Approved.

Reply on February 3, approved by three members of the Board, to a memorandum dated February 1, 1933, from the Acting Comptroller of the Currency recommending approval of the application of the First National Bank of Gibson City, Illinois, for permission to reduce its capital stock from \$80,000 to \$50,000 and immediately thereafter to increase the capital stock to \$80,000 by the sale of new shares. The reply stated that the Board approves the reduction under the plan submitted subject to certain conditions set forth in the reply.

Approved.

Telegraphic reply on February 3, approved by four members of the Board, to a telegram dated February 2, 1933, from the Federal Reserve Agent at Chicago stating that a number of national banks in Iowa are converting or are contemplating conversion into State institutions in order to take advantage of a recent State law authorizing the superintendent of banking to take possession of State institutions without insolvency proceedings; that such banks could not meet the requirements of admission to membership in the Federal Reserve System without undergoing a reorganization; and that the Federal reserve agent would be glad to have the views of the Board as to the proper procedure in order that he may advise the national banks which are approaching him regarding membership as State institutions. The telegram also stated that the Chicago bank has not con-

2/6/33

-8-

sidered the membership of State member banks forfeited when they have taken advantage of moratoria of various characters. The reply stated that a State institution resulting from the conversion of a national bank clearly would not succeed to the national bank's membership in the System and the Board feels that each application for membership made on behalf of such a State institution should be handled in accordance with the procedure followed in the case of any other State institution applying for membership and should be carefully considered on its merits in strict accordance with the general policy of the Federal Reserve Board in acting upon applications of State banks and trust companies for membership. The reply also stated that action on the part of a national bank in changing into a State institution would be voluntary and it would appear that such action would be most likely to be taken, in the circumstances now existing, by institutions whose solvency is questioned by their own officers and directors.

Approved.

Replies on February 2, 1933, approved by four members of the Board, to a letter dated January 19, 1933, from the Federal Reserve Agent at Cleveland and two letters dated January 16, 1933, from the Federal Reserve Agent at St. Louis, reporting, respectively, that the National Bank of John A. Black, Barbourville, Kentucky, the American-First National Bank, Mt. Carmel, Illinois, and the First National Bank, Mountain Grove, Missouri, have been continuously deficient in their required reserves during the period of six months. The replies stated in each case that the Board, in accordance with the agent's recommendation, will take no action in the

2/6/33

-9-

matter at this time other than to forward a copy of his letter to the Acting Comptroller of the Currency for the information of his office.

Approved.

Letter dated February 2, 1933, to the Federal Reserve Agent at Boston, approved by four members of the Board, referring to the absorption as of January 28, 1932, of the Sagamore Trust Company of Lynn, Massachusetts, by the Security Trust Company of Lynn, and stating that it is apparent from the information submitted by the Federal reserve agent that the transaction has resulted in no material change in the general character of the assets of, or in the scope of the functions exercised by, the continuing institution within the meaning of the general condition under which it was admitted to membership in the Federal Reserve System and that the Federal Reserve Board, in accordance with the agent's recommendation, will take no action affecting the membership of the Security Trust Company by reason of the transaction. The letter also suggested that the agent consider the advisability of approaching the trust company concerning the re-adjustment of its capital structure in such manner that a better ratio of capital to deposit liabilities would be shown.

Approved.

Letter dated February 2, 1933, to the Federal Reserve Agent at Chicago, approved by four members of the Board, replying to Assistant Federal Reserve Agent Young's letter of January 4, 1933, with regard to the unsatisfactory condition of the Jasper County Savings Bank, Newton, Iowa, as disclosed by the report of examination as of November 14, 1932. The reply stated that the Board is in accord with the position taken by

2/6/33

-10-

the State banking department and the agent's office that a voluntary contribution equivalent at least to a 100% assessment should be made by the shareholders, and suggested that, if satisfactory corrective action is not taken by the bank within a reasonable time, the agent confer again with the proper authorities with a view to pressing the matter to a definite conclusion.

Approved.

Letter dated February 3, 1933, to the Federal Reserve Agent at Kansas City, approved by four members of the Board, stating that while it is apparent from the analysis of report of the credit investigation of the Sundance State Bank, Sundance, Wyoming, as of October 19, 1932, that the absorption by that institution of the American State Bank, Moorcroft, Wyoming, as of January 9, 1932, did not result in any change in the general character of the assets of the Sundance State Bank or in the scope of the corporate powers exercised by it at the time of its admission to membership in the Federal Reserve System, it is also clear that no improvement has been effected in the highly unsatisfactory condition of the member bank, which condition is due to a great extent to the absorption of the Hulett State Bank, Hulett, Wyoming, as of November 14, 1931. The letter noted the recommendation of the Federal reserve agent, concurred in by the Governor and the executive committee of the Federal Reserve Bank of Kansas City, and stated that in accordance therewith the Board will take no action at this time affecting the membership of the institution in the Federal Reserve System, although it is requested that the agent participate in the next examination, and that the Board be currently advised of any improve-

2/6/33

-11-

ment effected in the condition of the institution. The letter also requested additional information with regard to the unsatisfactory reserve record of the member bank.

Approved.

Letter dated February 4, 1933, to the Federal Reserve Agent at Dallas, approved by four members of the Board, referring to the analysis of report of a credit investigation of the First State Bank, Kirkland, Texas, as of December 27, 1932, from which it is noted that after having advised that the interest rate being paid on funds deposited by directors and officers as a guarantee against actual and potential losses in its assets had been reduced to 4% in accordance with the position taken by the Board in its letter of March 24, 1932, the bank has apparently restored the rate of interest to 8%; the letter suggesting that the agent again convey to the institution the attitude of the Board in the matter and suggest that it should reduce the interest paid at least to the rate agreed upon.

Approved.

Letter dated February 3, 1933, approved by four members of the Board, to Mr. Rudolph E. Reichert, Commissioner of Banking of the State of Michigan, inclosing a copy of a letter dated January 10, 1933, from the Cashier of the First National Bank of Lapeer, Michigan, requesting that the Board furnish him with a letter showing the trust powers which it has granted to the bank in order that the bank may obtain a return of the securities which it has deposited with the Treasurer of the State of Michigan in connection with the operation of its trust department. The Board's letter stated that it is understood that while trust companies are

2/6/33

-12-

required by the laws of Michigan to deposit securities with the State Treasurer, State banks exercising trust powers are not subject to this or a similar requirement, which raises the question whether a national bank exercising trust powers in the State of Michigan is required to deposit securities with the State Treasurer. The letter also stated that in connection with a similar situation which arose in 1927, in the State of Wisconsin, the Board took the position that the provisions of section 11(k) required a national bank to deposit securities with State authorities only when State law imposed this requirement on all corporations acting in a fiduciary capacity, and that the national bank was not required to make such a deposit when merely one class of State corporations was required to do so; that it is felt that the Board should furnish the cashier of the First National Bank of Lapeer with the letter he has requested; but that before communicating with him it will be appreciated if the Commissioner of Banking of the State of Michigan will give the Board an expression of his views with reference to the matter.

Approved.

In connection with the above there was also presented a letter dated February 3, 1933, approved by four members of the Board, to Mr. G. W. Augustyn, President of the Marine National Exchange Bank, Milwaukee, Wisconsin, referring to the Board's letter of April 12, 1927, addressed to Mr. Augustyn as Vice President of the National Exchange Bank of Milwaukee, in which he was advised of the Board's opinion that a national bank which had received permission to exercise trust powers was not required to deposit securities with the Treasurer of the State of Wisconsin before it

2/6/33

-13-

could exercise such powers in that State. The letter stated that it is assumed that in accordance with the opinion expressed by the Board, the National Exchange Bank did not deposit securities with the Wisconsin State Treasurer in connection with the operation of its trust department, and that the Marine National Exchange Bank, which institution resulted from the consolidation of the National Exchange Bank and another national bank in Milwaukee, has likewise refrained from depositing securities with the State Treasurer; and that it will be appreciated if he will advise whether the authorities of the State of Wisconsin have ever questioned the right of either the National Exchange Bank or the consolidated institution to exercise trust powers without depositing securities with the State Treasurer and if so what disposition was finally made of the matter.

Approved.

Telegraphic reply on February 3, approved by four members of the Board, to a telegram dated January 23, 1933, from Assistant Federal Reserve Agent Sargent at San Francisco, inquiring whether the provisions of Regulation F which permit uninvested funds of the trust department of a national bank to be deposited in the commercial or savings department provided the bank first delivers to the trust department certain collateral securities, applies if trust funds are deposited with an affiliated State bank in which stockholders of the trustee bank own 55% of the stock. The reply stated that the provisions of law and Regulation F requiring deposit of securities with the trust department of a national bank when trust funds are deposited in the commercial or savings department or otherwise used in the conduct of the bank's business, are not applicable if the funds

2/6/33

-14-

are deposited in another bank to the credit of the fiduciary bank in its capacity as trustee or other fiduciary, but are applicable if such funds are deposited in another bank to the credit of the fiduciary bank in its own right. The reply also stated that the Board has heretofore taken the position that national banks should not invest trust funds in securities of affiliated corporations and it would seem equally improper for a national bank in its capacity as trustee to deposit trust funds in institutions closely affiliated with the bank through common stock ownership.

Approved.

Letter to Messrs. Shearman and Sterling, New York City, New York, attorneys for the National City Bank, referring to their letters of January 5 and 17, 1933, advising that unexpected and complicated questions have arisen in connection with the establishment of a branch of the National City Bank in Geneva, Switzerland, which have required careful investigation, and requesting an extension for a further ninety days of the period within which the branch at Geneva may be opened under the authority of the Board's order of April 29, 1932. The Board's letter stated that the Board has extended until April 27, 1933, the period within which the National City Bank may establish the proposed branch, and inclosed a certified copy of the following order of the Federal Reserve Board granting the extension:

"WHEREAS, the Federal Reserve Board, by an order adopted at a meeting held on the 29th day of April, 1932, authorized the National City Bank of New York, in accordance with the provisions of Section 25 of the Federal Re-

2/6/33

-15-

"serve Act, to establish a branch in the City of Geneva, Republic of Switzerland, upon condition that the authority thereby granted be exercised and that said branch be actually established and opened for business on or before October 29, 1932:

"WHEREAS, the Federal Reserve Board, by an order adopted at a meeting held on the 11th day of October, 1932, amended the said order of April 29, 1932, so as to extend until January 27, 1933 the period within which the authority thereby granted might be exercised and the said branch might be actually established and opened for business:

"WHEREAS, it now appears desirable that the period within which the said branch may be established under the authority conferred by said order of April 29, 1932, as amended, should be further extended;

"NOW, THEREFORE, it is ordered that the said order adopted by the Federal Reserve Board on April 29, 1932, as amended by the said order adopted on October 11, 1932, be, and it hereby is, further qualified and amended so as to provide that unless the authority thereby granted is exercised and the proposed branch in the City of Geneva, Republic of Switzerland, actually is established and opened for business on or before April 27, 1933, all rights granted by said order shall be deemed to have been abandoned and the authority thereby granted shall automatically terminate; but if said branch shall be established and opened for business on or before April 27, 1933, the said National City Bank of New York may operate and maintain the same, subject to the provisions of Section 25 of the Federal Reserve Act."

The letter also requested that the Board be advised as to the progress which is being made in the solution of the difficulties which have arisen and as to the nature of the questions referred to in the attorneys' letter of January 17, 1933.

Approved.

Letter dated February 1, 1933, to the Federal reserve agents at all Federal reserve banks, approved by three members of the Board, inclosing a copy of revised form B-5, semi-annual summary report of deficiencies in

2/6/33

-16-

reserves of member banks for use beginning with 1933, in place of the quarterly report previously submitted on the old form B-5. The letter stated that all Federal reserve banks which formerly assessed progressive penalties for deficiencies in reserves have now discontinued that practice and that the Federal reserve banks are authorized to discontinue the preparation of the lists that accompanied the old form of quarterly report showing member banks that would have been subject to a maximum progressive penalty of 10% if progressive penalties had been assessed, copies of which were sent to the Comptroller of the Currency and to the Chief National Bank Examiner in the case of national banks and to State banking departments in the case of State member banks. The letter also stated that the Board desires the agents to continue to watch closely the reserve records of member banks, to consult with the chief national bank examiner and the State authorities, and to furnish full information to the Board regarding reserve deficiencies which continue over a period of six consecutive months, in accordance with the Board's letters of June 2, 1932 (X-7171), and November 22, 1932 (X-7295).

Approved.

Reply on February 4, 1933, approved by four members of the Board, to a letter dated January 25, 1933, from the Chairman of the Federal Reserve Bank of Philadelphia advising, in accordance with the request contained in the Board's letter of January 11, 1933, of the action which has been taken to meet the comments and recommendations of the Board's examiners, referred to in the report of examination of the bank as of October 15, 1932. The reply stated that the chairman's letter appears to cover

2/6/33

-17-

fully the several matters referred to in the Board's letter and that the attention which has been given by the bank to the comments and suggestions of the Board's examiners is appreciated.

Approved.

Memorandum dated January 19, 1933, from Mr. Vest, Assistant Counsel, recommending that there be published in the next issue of the Federal Reserve Bulletin, in a statement in the form attached to the memorandum, the Board's recent ruling with reference to the eligibility for rediscount of notes given in payment for premiums for insurance by persons, firms or corporations engaged in the production, manufacture or distribution of goods; the recommendation having been approved by four members of the Board on February 2, 1933.

Approved.

Telegram dated February 4, 1933, to the Chairmen and Governors of all Federal reserve banks, approved by four members of the Board, advising that the provisions of sections 2 and 3 of the Glass-Steagall Act have been extended until March 3, 1934, by an act signed by the President on February 3, 1933, and that consequently the authority heretofore granted by the Board to each Federal reserve bank to offer, and the Federal reserve agent at each bank to accept, as collateral security for Federal reserve notes direct obligations of the United States, in the circumstances and under the conditions outlined in the Board's letter of of May 2, 1932, will not terminate on March 3, 1933.

Approved.

2/6/33

-18-

Telegraphic reply on February 4, 1933, approved by four members of the Board, to a telegram of that date from the Federal Reserve Agent at Philadelphia, advising that certain local banks have advanced \$12,000,000 to assist the Integrity Trust Company of Philadelphia and in order to assure the public that this aid will be continued, the banks feel that five recognized leading bankers should be placed on the board of directors of the trust company; that of those proposed, Mr. Evan Randolph is a director and vice president of the Philadelphia National Bank; Mr. Howard Loeb is Chairman and a director of the Tradesmens National Bank and Trust Company; and Mr. William P. Gest is Chairman of the Fidelity-Philadelphia Trust Company and a director of the First National Bank of Philadelphia, and that before making public announcement of these appointments the banks would like to ascertain whether the Federal Reserve Board would approve the service of the men referred to on the board of directors of the Integrity Trust Company. The agent's telegram also stated that the Federal Reserve Board can be assured that there is practically no competition between the institutions and that their service to the trust company will be entirely compatible with the public interest and of great service to the community. The reply stated that, in view of the special circumstances outlined in the agent's telegram, the Board will approve the applications of the three bankers named for permission to serve as directors of the trust company under the Clayton Act provided they are not serving more than two other banks within the prohibited classes.

Approved, with the understanding that when formal applications are received and permits issued, the above mentioned applicants will be advised that the permits are not regarded as permanent authoriza-

2/6/33

-19-

tions but as temporary authority, to continue during the period of the unusual circumstances in connection with which they are being issued.

Letter dated February 2, 1933, to the Federal Reserve Agent at Philadelphia, approved by four members of the Board, stating that on the basis of the information submitted the Federal Reserve Board does not feel justified in approving the application of Mr. George Stuart Patterson for permission to serve at the same time as a manager of the Girard Trust Company, Philadelphia, Pennsylvania, as a director of the Bank of the Manhattan Company, New York City, and as a director of the Central-Penn National Bank of Philadelphia, Pennsylvania, since it appears that the two institutions in Philadelphia are in competition as to a substantial portion of their business. The letter also stated that before taking final action on the application, however, the Board will afford the applicant an opportunity to submit any additional facts or arguments which he may wish to have considered tending to show that the Board may properly issue the permit applied for, provided he notifies the agent of his intention to do so not later than thirty days from February 2, 1933.

Approved.

Letter dated February 2, 1933, to Assistant Federal Reserve Agent Bailey at Minneapolis, approved by three members of the Board, stating that the Board has under consideration the application of Mr. John S. Dutton for permission to serve at the same time as an officer of the Bank of America National Trust and Savings Association, San Francisco, California, as an officer of the Bank of America, San Francisco, California, and as a director of the First National Bank of Butte, Montana, and that while the

2/6/33

-20-

application was submitted with the favorable recommendations of the Federal Reserve Agent at San Francisco and Mr. Bailey it is requested, because of the information contained in the report of examination of the First National Bank of Butte as of October 20, 1932, that the matter be reviewed, as there may be other factors which should be considered in determining whether or not it would be incompatible with the public interest to grant the permit applied for, even though it appears that the institutions involved are not in substantial competition.

Approved.

Letter dated February 3, 1933, to the Federal Reserve Agent at Dallas, approved by four members of the Board, stating that the information thus far submitted in connection with the application of Mr. Pat L. Davis for permission to serve at the same time as director of the State National Bank and as director of the San Jacinto Trust Company, both of Houston, Texas, deals primarily with the question whether competition exists between those institutions, but includes virtually no information having a bearing on the question whether an interlocking directorate between the banks might tend to reduce competition, or with regard to other factors referred to in the Board's letter which might have a bearing on the question whether the granting of the permit would be in the public interest, and that before reaching a decision upon the application the Board would appreciate advice from the agent as to any matters which in his judgment might be relevant to the question to be decided in the event he feels there are any such matters which have not already been brought to the attention of the Board.

2/6/33

-21-

Approved.

At this point Mr. Wyatt, General Counsel, and Mr. Chase, Assistant Counsel, joined the meeting.

Consideration was given to a memorandum addressed to the Board by Mr. Wyatt under date of December 29, 1932, and circulated among the members of the Board, with regard to the following Clayton Act applications for permission to serve the banking institutions shown:

Arthur C. Dorrance	Philadelphia National Bank, Philadelphia, Pennsylvania, Girard Trust Company, Philadelphia, Pennsylvania, Guaranty Trust Company, New York City, New York.
C. J. Ingersoll	Girard Trust Company, Philadelphia, Pennsylvania, Central-Penn National Bank of Philadelphia, Philadelphia, Pennsylvania.
William W. Bodine	First National Bank, Philadelphia, Pennsylvania, Provident Trust Company of Philadelphia, Pennsylvania.

The memorandum recommended that the Board advise the applicants, through the Federal Reserve Agent at Philadelphia, that it cannot see its way clear to grant the applications on the basis of the information submitted, but is willing to consider any additional information or arguments which the applicants may desire to submit tending to show that the approval of the applications would not be incompatible with the public interest.

After discussion, it was decided to advise the Federal reserve agent that the information before the Board is not sufficient to enable it to reach a final decision, and to request him to submit additional information with regard to certain matters involved in the applications.

2/6/33

-22-

Reports of Standing Committee dated February 1, 1933, recommending approval of the following changes in stock at Federal reserve banks:

<u>Applications for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
National City Bank, Chelsea, Massachusetts. (Decrease in surplus)	39	
Merrimack National Bank, Haverhill, Mass. (Decrease in surplus)	<u>24</u>	63
<u>District No. 2.</u>		
Evans National Bank, Angola, New York. (Decrease in surplus)	30	
Chemical Bank & Trust Company, New York, N. Y. (Decrease in capital)	<u>600</u>	630
<u>District No. 4.</u>		
First National Bank, Chester, W. Va. (Insolvent)	84	84
<u>District No. 5.</u>		
Citizens National Bank, Gastonia, North Carolina. (Decrease in surplus)	90	90
<u>District No. 7.</u>		
First National Bank, Geneva, Illinois. (Decrease in surplus)	15	
First National Bank, Yale, Michigan. (Insolvent)	<u>24</u>	39
<u>District No. 8.</u>		
First National Bank, Anna, Illinois. (Insolvent)	60	
First National Bank, Greenfield, Illinois. (Insolvent)	40	
First National Bank, Herrin, Illinois. (Insolvent)	90	
The National Bank, Witt, Illinois. (V.L.Suc. by Security National Bank of Witt)	<u>36</u>	226
<u>District No. 9.</u>		
First National Bank, Ortonville, Minnesota. (Insolvent)	39	39
<u>District No. 10.</u>		
First National Bank, Fowler, Kansas. (Insolvent)	30	30
<u>District No. 11.</u>		
Ouachita National Bank, Monroe, Louisiana. (V.L. Suc. by Ouachita National Bank in Monroe)	540	
First National Bank, Rocksprings, Texas. (Insolvent)	<u>30</u>	570

2/6/33

-23-

<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 12.</u>		
First National Bank, Sonora, California. (V.L.Abs. by the Tuolumne County Bank of Sonora, Calif., nonmember)	174	
Arlington National Bank, Arlington, Oregon. (Insolvent)	36	210
	Total	1,981

Approved.

Reports of Standing Committee dated January 31, 1933, recommending approval of the following Clayton Act applications:

Mr. B. M. Edwards, for permission to serve at the same time as director of the Merchants and Farmers National Bank of Charlotte, North Carolina, as director and officer of the South Carolina National Bank of Charleston, South Carolina, and as director and officer of the South Carolina State Bank of Charleston, South Carolina.

Mr. A. E. Macdonald, for permission to serve at the same time as officer of the Hamilton National Bank of Chattanooga, Tennessee, and as director of the First National Bank of South Pittsburg, Tennessee.

Mr. Harry R. McIntosh, for permission to serve at the same time as officer of the Worcester Bank and Trust Company of Worcester, Massachusetts, as officer of the Worcester County National Bank of Worcester, Massachusetts, and as director of the Second National Bank of Barre, Massachusetts.

Approved.

Thereupon the meeting adjourned.

Walter Merrill
Secretary.

Approved:

Walter Merrill
Chairman.

Em