

A meeting of the Federal Reserve Board was held in Washington on Tuesday, November 28, 1933, at 2:30 p. m.

PRESENT: Mr. Black, Governor
Mr. Hamlin
Mr. James
Mr. Thomas
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Bethea, Assistant Secretary
Mr. Martin, Assistant to the Governor
Mr. Wyatt, General Counsel
Mr. Paulger, Chief of the Division of
Examinations
Mr. Chamberlin, Federal Reserve Examiner

The Governor presented the following letter received by him under date of November 21, 1933, from Mr. Albert A. Sprague, Director of the Continental Illinois National Bank and Trust Company, Chicago, Illinois:

"The Board of Directors of the Continental Illinois National Bank and Trust Company, through an appropriate committee, has formally tendered the office of Chairman of the Board to Mr. George A. Ranney, of Chicago.

"Mr. Ranney, who is conversant with the particular situation of the Bank, and familiar with the important part that our institution plays in the Federal Reserve System in the Middle West, asks us to inquire if his selection meets with the full approval of the Federal Reserve Board, or if they have any person in mind who would be more acceptable to them.

"I am sure his query will appeal to you as it does to us as most appropriate and indicative of his understanding of the entire situation.

"I am enclosing copies of letters sent today to the Comptroller of Currency and to the Director of the Reconstruction Finance Corporation prompted by other points raised by Mr. Ranney.

"With my best wishes to you, and asking that you favor us with an early reply."

The Governor also presented a copy of a telegram received by Deputy Comptroller of the Currency Awalt under date of November 25, 1933, from Mr. O'Connor, Comptroller of the Currency, who is in Los Angeles,

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requesting that the Board withhold action on Mr. Sprague's letter until Mr. O'Connor's return. Governor Black stated that he felt Mr. Ranney is a very satisfactory man for the position referred to; that the appointment of Mr. Ranney would be entirely satisfactory to him; and that, while he was leaving Washington this afternoon and would be away the rest of the week, if agreeable to the other members of the Board, he would place the correspondence above referred to in the hands of Mr. Szymczak as Chairman of the Executive Committee, with the suggestion that the matter be taken up when Mr. O'Connor returns to his office on Friday, December 1.

No objection was expressed to the suggested procedure, although Mr. Szymczak stated that he felt that action on the matter should be deferred pending the Governor's return to Washington on Monday.

Reference was then made to a memorandum dated November 25, 1933, from Acting Comptroller of the Currency Awalt, recommending that, subject to the conditions stated in the memorandum, the Board approve the application of "The National City Bank of New York" for permission to reduce its present common capital stock from \$124,000,000 to \$77,500,000, under a plan which provides also for the sale of \$50,000,000 of preferred stock to the Reconstruction Finance Corporation and/or others; no part of the released capital to be returned to shareholders, but to be used in the manner and under the conditions set forth in the memorandum to charge out estimated losses and depreciation as classified in the report of examination of the bank as at the close of business on April 7, 1933.

Governor Black stated that Mr. J. H. Perkins, Chairman of the

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Board of Directors of the National City Bank, and Mr. William Woart Lancaster, of counsel for the bank, called on him on Saturday in connection with the proposed capital reduction, and that a telegram was received today by the Comptroller's office from Mr. Case, Federal Reserve Agent at New York, stating that he has no hesitancy in recommending that the proposed reduction be approved on condition that no part of the proposed reduction be returned to shareholders; that the bank be required to make such charge-offs and set up such reserves as the Comptroller of the Currency may require; and that before such reduction shall become effective the bank's capital shall be increased by the issuance and sale of \$50,000,000 of preferred stock to the Reconstruction Finance Corporation and/or others. Governor Black added that Messrs. Perkins and Lancaster had been in conference with the Reconstruction Finance Corporation since last Saturday, November 25, and that Mr. Lancaster had reported that an agreement had practically been reached with regard to the issuance of preferred stock to the Reconstruction Finance Corporation. Mr. Paulger stated that his division had checked the figures submitted in Mr. Awalt's memorandum with the report of examination of the bank and found that they are in agreement, and that it is felt that the completion of the plan will place the bank in a much stronger position.

After discussion, Mr. Szymczak moved that the application for reduction of stock under the plan submitted be approved.

Carried.

Governor Black referred to the consideration given at the meeting

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of the Board on October 19, 1933, to the request from the Federal Reserve Bank of Chicago for approval of additional compensation for counsel for the bank, and stated that when he was in Chicago he discussed the matter with Mr. Stevens and Deputy Governors McKay and Preston; that the latter two were very much in favor of trying to obtain the exclusive services of Mr. Dunn as counsel for the bank; and that, while Mr. Stevens was also in favor of arranging for the exclusive services of Mr. Dunn, he felt that the firm of Mayer, Meyer, Austrian and Platt should be retained to handle the larger legal matters of the bank. Governor Black stated that he had advised the officers of the Chicago bank that the Board feels the bank should have the full time services of competent counsel but that the bank should arrange to discontinue the present arrangement with the firm of Mayer, Meyer, Austrian and Platt, which is also counsel for the Continental Illinois National Bank and Trust Company. During the ensuing discussion, Mr. Szymczak stated that he understood that what the bank desires at this time is some arrangement under which it can obtain the full time services of Mr. Dunn until the end of the current year when the present arrangement with Mayer, Meyer, Austrian and Platt expires and when it is believed a new arrangement can be made with Mr. Dunn independently of the firm. Mr. Wyatt stated that he understood from Mr. McKay that Mr. Dunn is now giving all of his time to the bank.

At the conclusion of the discussion, Mr. Szymczak was requested to take the matter up with Mr. Stevens by telephone to ascertain the exact nature of the present arrangement with Mr. Dunn and the firm of Mayer, Meyer, Austrian and Platt,

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and what the present desire of the bank is with regard to any change in the present arrangement and compensation of counsel.

Reference was then made to a memorandum dated November 22, 1933, prepared in the Board's Division of Examinations with regard to a letter dated November 18, 1933, from Mr. Austin, Federal Reserve Agent at Philadelphia, setting forth proposed plans of reorganization, and re-opening without restriction, of the "Equitable Trust Company" and the "Guarantee Trust Company", member banks located in Atlantic City, New Jersey; Mr. Austin stating that the banks are about to file their applications with the Secretary of the Treasury for a license to open on an unrestricted basis and that, before submitting his recommendation to the Secretary of the Treasury, he would like to have the views of the Board upon the various questions involved.

After discussion, the Secretary was requested to advise Mr. Austin that the Board feels that it would not be justified in approving the reorganization of the trust companies under the plan submitted.

There was also presented a copy of a circular letter dated November 20, 1933, from Mr. Wm. H. McReynolds, Administrative Assistant to the Secretary of the Treasury, addressed to all offices of the Treasury Department, in which was quoted a letter dated November 18, 1933, from Mr. L. W. Douglas, Director of the Bureau of the Budget, stating that, in order that there may be uniform practice throughout the various agencies of the Government, it is requested that, in so far as practicable, all employees be authorized to enjoy a half holiday on the day preceding Thanksgiving. Mr. McReynolds' letter stated that, in

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accordance with Mr. Douglas' letter, all employees of the Treasury Department, whose services can be spared, will be excused from duty at one p. m. on Wednesday, November 29, 1933.

Upon motion, it was voted that the Board's offices be closed at one p. m. on Wednesday, November 29, 1933.

Mr. Morrill alluded to the action taken at the meeting of the Board on November 15, 1933, with regard to inquiries by banks located in Alaska and Puerto Rico concerning membership in the Federal Reserve System, and stated that a further letter had been received from Mr. Case under date of November 21, 1933, in which he referred to inquiries which have been made at the New York bank by representatives of the Banco de Ponce, Ponce, the Banco Popular de Puerto Rico, San Juan, and the Banco de Puerto Rico, San Juan, and in which he stated that the inquiries by the Puerto Rico banks suggest the desirability of an early decision by the Federal Reserve System as to the broad principles involved, as outlined in his letter of October 20, 1933.

Mr. Morrill also said that the matter of membership of banks in Puerto Rico came up at the meeting of the board of directors of the New York bank on November 23, at which Mr. Goldenweiser, Director of the Board's Division of Research and Statistics, was in attendance, and that Mr. Goldenweiser, at the request of Mr. Case, had reported in a memorandum dated November 24, 1933, that it was apparently the feeling of the board of directors of the bank that the Federal Reserve Board, or the bank, or the two jointly, should make an investigation of the situation in Puerto Rico and decide what policy to pursue in regard to

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admitting Puerto Rican banks to membership, and that the discussion at the meeting ended by the appointment of a committee consisting of Mr. Owen D. Young and Governor Harrison to take up the matter.

Governor Black stated that Mr. Case had called him on the telephone this morning and had expressed the opinion that, in view of the inquiries regarding membership received from banks in Puerto Rico, it is very desirable that a survey of conditions in the island be made and that he would be glad to have such a survey made by the Federal Reserve Bank of New York, or, if the Board desired, in conjunction with representatives of the Federal Reserve Board.

A discussion ensued, at the conclusion of which Mr. Hamlin moved that Mr. Case be advised that the Board offers no objection to the New York bank making such a survey of the banking and general business conditions in Puerto Rico as is necessary to enable the board of directors of the bank to reach a considered decision as to the recommendation it will make to the Federal Reserve Board in connection with the question of the admission to membership of banks located in Puerto Rico.

Carried.

In connection with the above, Mr. Hamlin stated that Mr. Herbert D. Brown called on him recently and advised him of a survey which he made in Puerto Rico about three years ago as an investigator of the Bureau of Efficiency, and Mr. Hamlin inquired whether there would be any objection on the part of the members of the Board to his transmitting to Mr. Case the information given to him by Mr. Brown.

No objection was expressed by the other members of the Board to the action proposed by Mr. Hamlin.

The minutes of the meetings of the Federal Reserve Board held

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on November 6 and 7, 1933, were approved.

The Board then considered and acted upon the following matters:

Letter dated November 23, 1933, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegrams dated November 23, 1933, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, and November 24, 1933, from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, all advising that, at meetings of the boards of 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 November 22, 1933, from Mr. Smead, Chief of the Division of Bank Operations, recommending the appointment of Mrs. Libbie L. Hitt as a stenographic clerk in the division, with salary at the rate of \$1,800 per annum, effective November 27, 1933; the recommendation having been approved by four members of the Board on November 24, 1933.

Approved.

Memorandum dated November 23, 1933, from Mr. Paulger, Chief of the Division of Examinations, requesting the appointment of Mrs. Nadine L. Gallagher as a clerk in the division, with salary at the rate of \$1,560 per annum, effective as of the date upon which she enters upon the performance of her duties; the request having been approved by six members of the Board on November 27, 1933.

Approved.

Memorandum dated November 25, 1933, from Mr. Smead, Chief of the Division of Bank Operations, stating that on October 20 Mr. Merret

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P. Caskey, an employee in the division, was obliged to leave the office on account of illness and has since that date been under treatment for partial paralysis; that it is understood that a somewhat prolonged period will elapse before Mr. Caskey can return to duty; and that, in view of his record since appointment in August, 1919, it is recommended that he be granted sick leave with full pay until February 1, 1934, before which date a further recommendation with regard to his leave status will be made to the Board.

Approved.

Telegraphic reply on November 20, 1933, approved by five members of the Board, to a letter dated November 14 from Mr. Stevens, Federal Reserve Agent at Chicago; the reply reading as follows:

"Your letter fourteenth. Board approves appointment Wilbur Esser as Assistant Examiner in Federal Reserve Agent's department your bank at salary rate of \$2,400 per annum with understanding he will continue systematic reduction indebtedness Menasha bank. Please advise effective date. In connection with future selections of examiners your attention is directed to the importance of bearing in mind the expression contained in X 7638 of the Board's view that it is clearly undesirable for employees in the Federal reserve agent's departments engaged in audits and examinations to be indebted directly or indirectly to any bank or banking institution in their respective Federal reserve districts."

Approved.

Telegraphic reply on November 20, 1933, approved by five members of the Board, to a letter dated November 14 from Mr. Stevens, Federal Reserve Agent at Chicago; the reply reading as follows:

"Your letter November 14 re temporary appointment L. B. Achor as examiner in Federal Reserve Agent's department your bank. In view information obtained from Comptroller's office regarding his record as receiver, concerning which Mr. Paulger has already advised you, Board feels that it would not be justified in approving his appointment."

Approved.

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Letter dated November 23, 1933, to Mr. Helm, Deputy Governor of the Federal Reserve Bank of Kansas City, approved by five members of the Board, stating that, in accordance with the recommendation contained in his letter of November 7, the Board approves changes in the personnel classification plan of the Denver branch to provide for two new positions, the discontinuance of four positions, a change in the salary range of one position, and changes in the titles of three positions, in various departments of the branch.

Approved.

Letter dated November 24, 1933, to Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, approved by five members of the Board, stating that, in accordance with the recommendation contained in his letter of November 13, the Board approves changes in the personnel classification plan of the Nashville and New Orleans branches to provide for the new positions of "elevator operator and guard" in the Custodian - Reconstruction Finance Corporation Department of the Nashville branch, and of "assistant to chief clerk" and "messenger" in the Custodian - Reconstruction Finance Corporation Department of the New Orleans branch, and for an increase in the salary range of the position of "porter and janitor" in the Custodian - Reconstruction Finance Corporation Department of the Nashville branch.

Approved.

Letter dated November 22, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by five members of the Board, reading as follows:

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"The Board has given very careful consideration to your letter of June 8 in regard to your identification with The Texas Corporation, Diamond Match Company, and Wilson & Co., Inc., as a director thereof. As pointed out in its circular letter of May 7, 1924, X-4048, to which attention was called in its circular of April 29, 1933, X-7425, the Board feels that officers of the Federal reserve banks should not be identified with any outside business interests. It is the opinion of the Board that the holding of directorships of the kind referred to in your letter is inconsistent with the views expressed in the Board's letter of May 7, 1924."

Approved.

Telegram dated November 22, 1933, to Mr. Newton, Federal Reserve Agent at Atlanta, approved by four members of the Board, reading as follows:

"Refer your August 31 reply to Board's letter B-906 of August 18 regarding compensation of executive officers and directors of Federal Reserve and member banks requested in Senate Resolution 75. Reports received from 11 Reserve banks listed all or nearly all Reserve bank officers while report from one bank listed only the chairman, governor and deputy governors. It is understood that no formal action has been taken by your directors to designate certain officers as 'executive officers' and inasmuch as it is desirable that reports be uniform for all Federal Reserve banks it has been suggested that reports show names and salaries of chairmen, governors, deputy governors and cashiers only for the head offices and of managing directors, assistant managers and cashiers for the branches. This would comprise 5 positions, including one vacancy, at your head office, 3 at the New Orleans branch and 2 at each of your other branches and agencies. If this plan is adopted a sentence might be inserted in letter sending reports to Senate reading somewhat as follows: 'Inasmuch as it is not the practice of the Federal Reserve banks to designate certain of their officials as "Executive officers", the inclosed statements relating to the Federal Reserve banks show the compensation paid to the directors of such banks and to the principal officers who have the primary responsibility of carrying out the general policies adopted by the directors of the banks'. Please advise whether you concur in above suggestion and, if so, whether proposed sentence in letter submitting reports to Senate meets with your approval. If any portion of the salaries of any of the officers of your bank were paid by an outside agency such as the R. F. C. or the Treasury Department, during the period July 1, 1932 to June 30, 1933, please state the names of such officers, the exact amount so paid, the agencies by whom paid, the period covered and the net amount paid by the Federal Reserve bank."

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Approved, together with similar telegrams dated November 22, 1933, to the Federal reserve agents at other Federal reserve banks.

Letter dated November 20, 1933, to the board of directors of the "Security State Bank of Houston", Houston, Minnesota, approved by four members of the Board, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the number of shares of stock of the Federal Reserve Bank of Minneapolis to which the bank will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective.

Approved.

Letter dated November 21, 1933, to the board of directors of "The Peoples Bank and Savings Company", Cincinnati, Ohio, approved by four members of the Board, stating that, subject to the conditions set forth in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for stock in the Federal Reserve Bank of Cleveland, effective if and when such bank is authorized to reopen by the Superintendent of Banks of the State of Ohio, with the understanding that prior to admission to membership the reorganization of the bank will be effected in substantial conformity with the plan of reorganization dated October 19, 1933.

Approved.

Letters dated November 22, 1933, approved by five members of the Board, to the boards of directors of the following named State banks, each letter stating that, subject to the conditions prescribed in the

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letter, the Board approves the bank's application for membership in the Federal Reserve System and for the number of shares of Federal reserve bank stock to which the bank will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective:

<u>Applicant Bank</u>	<u>Federal Reserve Bank</u>
"Wadena County State Bank", Wadena, Minnesota.	Minneapolis
"Uintah State Bank", Vernal, Utah.	San Francisco

Approved.

Letter dated November 23, 1933, to the board of directors of the "First State Bank of Rushmore", Rushmore, Minnesota, approved by four members of the Board, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the number of shares of stock of the Federal Reserve Bank of Minneapolis to which the bank will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective.

Approved.

Letters dated November 23, 1933, approved by five members of the Board, to the boards of directors of the following named State banking institutions, each letter stating that, subject to the conditions prescribed in the letter, the Board approves the institution's application for membership in the Federal Reserve System and for the number of shares of Federal reserve bank stock to which the institution will be entitled upon the basis of its capital and surplus as of the date upon

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which its membership becomes effective:

<u>Applicant Bank</u>	<u>Federal Reserve Bank</u>
"The Cortland Savings and Banking Company", Cortland, Ohio.	Cleveland
"The Bank of Halifax", Halifax, Virginia.	Richmond

Approved.

Letters dated November 24, 1933, approved by four members of the Board, to the boards of directors of the following named State banking institutions, each letter stating that, subject to the conditions prescribed in the letter, the Board approves the institution's application for membership in the Federal Reserve System and for the number of shares of Federal reserve bank stock to which the institution will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective:

<u>Applicant Bank</u>	<u>Federal Reserve Bank</u>
"Bank of Bethlehem", Delmar, New York.	New York
"Seattle Trust Company", Seattle, Washington.	San Francisco

Approved.

Letters dated November 27, 1933, approved by five members of the Board, to the boards of directors of the following named State banks, each letter stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the number of shares of Federal reserve bank stock to which the bank will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective:

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Applicant BankFederal Reserve Bank

"Farmers State Bank", Victor, Montana.
 "Solano County Bank", Fairfield,
 California.

Minneapolis

San Francisco

Approved.

Letters dated November 27, 1933, approved by six members of the Board, to the boards of directors of the following named State banks, each letter stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the number of shares of Federal reserve bank stock to which the bank will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective:

Applicant BankFederal Reserve Bank

"The Bank of Amityville", Amityville,
 New York.

New York

"The Peconic Bank", Sag Harbor, New
 York.

New York

"Tobacco Exchange Bank", Edgerton,
 Wisconsin.

Chicago

"State Bank of Belle Plaine", Belle
 Plaine, Minnesota.

Minneapolis

"State Bank of Gibbon", Gibbon,
 Minnesota.

Minneapolis

Approved.

Telegram dated November 21, 1933, to Mr. Curtiss, Federal Reserve Agent at Boston, approved by three members of the Board, reading as follows:

"Effective as of November 20, 1933, Board has amended condition numbered twenty-four, as set forth in its letter of November 1, 1933, to Board of Directors of Merrill Trust Company, Bangor, Maine, to read as follows Quote The plan for the reorganization of the

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"old bank shall be duly consummated in accordance with its terms. Unquote."

Approved.

Telegraphic reply addressed to Mr. Curtiss, Federal Reserve Agent at Boston, on November 25, 1933, approved by four members of the Board, to telegrams dated November 23 and 24 from Mr. Curtiss and Mr. Young, Governor of the Federal Reserve Bank of Boston; the reply reading as follows:

"Retels November 23-24 in re Bar Harbor Banking and Trust Company, Bar Harbor, Maine, condition number twenty-one stop In view of advice that Parker loan was legal when made, has been reduced to \$162,500 since examination in July and is reported adequately secured and in accordance with your recommendation, condition number twenty-one is amended by striking out the first five words of such condition reading as follows quote prior to admission to membership unquote and inserting in lieu thereof the following words quote within one year after date of admission to membership unquote with the understanding, however, that the loan will be reduced to legal limits as rapidly as possible."

Approved.

Reply on November 27, 1933, approved by six members of the Board, to a letter dated November 18 from Mr. Curtiss, Federal Reserve Agent at Boston; the reply reading as follows:

"Receipt is acknowledged of your letter of November 18, 1933, submitting a request from the New Britain Trust Company, New Britain, Connecticut, for an extension of thirty days of the time within which the admission of such trust company to membership in the Federal Reserve System may be accomplished, and, pursuant to your recommendation, the Board extends the time within which the admission of this institution to membership may be accomplished to December 21, 1933. It is understood, of course, that Federal reserve bank stock will not be issued to this institution unless unqualified approval by the State Bank Commissioner to its subscription to Federal reserve bank stock is obtained."

Approved.

Telegraphic reply on November 21, 1933, approved by four members

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of the Board, to a telegram dated November 20 from Mr. Newton, Federal Reserve Agent at Atlanta; the reply reading as follows:

"Referring to your telegram of November 20, 1933 re application Bank of Slidell, Slidell, Louisiana, Board will consider bank has complied with conditions of membership within the time granted if check now in your hands for payment of capital stock is collected in due course."

Approved.

Telegraphic reply on November 21, 1933, approved by four members of the Board, to a telegram dated November 20 from Mr. Stevens, Federal Reserve Agent at Chicago; the reply reading as follows:

"Re application Guthrie County State Bank, Guthrie Center, Iowa. Board grants applicant extension of time to December 20, 1933 within which time to comply with conditions of membership. Please so advise the bank."

Approved.

Telegraphic reply on November 21, 1933, approved by four members of the Board, to a letter dated November 16 from Mr. Peyton, Federal Reserve Agent at Minneapolis; the reply reading as follows:

"Referring to your letter November 16 re application Merchants Bank of Winona, Winona, Minnesota, Board grants extension of time to December 20, 1933 within which to comply with conditions of membership."

Approved.

Telegraphic reply on November 24, 1933, approved by five members of the Board, to a letter dated November 20 from Mr. Peyton, Federal Reserve Agent at Minneapolis; the reply reading as follows:

"Refer your letter November 20 re application First State Bank of Libby, Libby, Montana. Board grants extension of time to January 3, 1934 within which to accomplish admission to membership."

Approved.

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Reply on November 23, 1933, approved by five members of the Board, to a letter dated November 9 from Mr. Curtiss, Federal Reserve Agent at Boston; the reply reading as follows:

"Receipt is acknowledged of your letter of November 9, 1933, regarding the opinions rendered by the Attorney General of the State of Connecticut on October 24 and 25, 1933, with reference to admission of mutual savings banks and State banks and trust companies in Connecticut to membership in the Federal Reserve System. You requested advice as to whether it will be satisfactory to the Board for you to advise each State institution in Connecticut which is a member of the Federal Reserve System as to the problems involved in their membership in view of the opinions rendered by the Attorney General of the State of Connecticut.

"The Federal Reserve Board has no objection to your advising each State member institution in Connecticut of the problems involved in the membership of such institution in view of the opinions rendered by the Attorney General of the State of Connecticut. However, as you now know, the Board on November 13, 1933, forwarded to you a copy of a letter which it addressed to the Bank Commissioner of the State of Connecticut on November 9, 1933, and also on November 13, 1933, addressed a letter to you referring to the fact that the admission to membership of the New Britain Trust Company, the application of which had previously been approved, should not be completed unless formal advice of the unqualified approval by the State Bank Commissioner of the subscription for stock in the Federal reserve bank by that trust company was obtained. In these circumstances, it is suggested that before you take up with the individual member banks the question of the problems involved in their membership in the Federal Reserve System you discuss the matter with the Bank Commissioner of the State of Connecticut in the light of the Board's views as expressed in the letters referred to above. In this connection, in view of the position taken by the Attorney General of the State of Connecticut, it also appears that it will be necessary for the stockholders of the New Britain Trust Company to approve the application of that trust company for membership in the Federal Reserve System even if the Commissioner of Banks should decide to give his unqualified approval of the admission of that trust company to membership.

"The Board will appreciate advice as to any further developments in this matter."

Approved.

Telegraphic reply on November 23, 1933, approved by five members of the Board, to a telegram dated November 9 from Mr. Hoxton, Federal

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Reserve Agent at Richmond; the reply reading as follows:

"Retel November 9. On basis of Board's ruling of November 8 (Trans. 1905), State banks applying for membership will be required to treat proceeds of capital notes or debentures sold to R. F. C. under the provisions of Section 304 Act March 9, 1933, as amended, as part of their capital in determining amount of stock in Federal reserve bank to be subscribed for."

Approved.

Telegraphic reply on November 23, 1933, approved by five members of the Board, to a telegram dated November 4 from Mr. Walsh, Federal Reserve Agent at Dallas; the reply reading as follows:

"Retel November 4. Bank debentures in form substantially same as R. F. C. form P.S. 2, revised August 18, 1933, would meet requirements in X-7594a, in which position was taken that the proceeds of capital debentures may properly be included in determining whether capital and surplus funds of bank are adequate in relation to its total deposit liabilities within meaning of Board's usual condition of membership number fifteen, provided such debentures are subject to payment by bank only after claims of depositors and other creditors are satisfied. As stated therein, provision should be made at time of issuance of such debentures for appropriate increase of capital stock of bank if and when such debentures are to be retired. In determining whether a bank has minimum capital required by law for admission to membership, however, Board's wire of November 8 (Trans. 1905) only authorizes proceeds of capital debentures purchased by R. F. C. under provisions Section 304 Act March 9, 1933, as amended, to be considered as capital."

Approved.

Telegraphic reply on November 23, 1933, approved by five members of the Board, to a telegram dated November 16 from Mr. Newton, Federal Reserve Agent at San Francisco; the reply reading as follows:

"Retel November 16. On basis of Board's ruling of November 8 (Trans. 1905), Board would consider State bank in town of 16,000 eligible for membership with \$50,000 paid up and unimpaired common stock and \$50,000 proceeds of capital debentures sold to R. F. C. under provisions Section 304 Act of March 9, 1933, as amended."

Approved.

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Reply on November 21, 1933, approved by four members of the Board, to a letter dated November 14 from Mr. Peyton, Federal Reserve Agent at Minneapolis; the reply reading as follows:

"Receipt is acknowledged of your letter of November 14, 1933, advising that the 'Peoples State Bank of Plainview', Plainview, Minnesota, had increased its capital stock to \$25,000, and inclosing a certification from the Commissioner of Banks of the State of Minnesota to that effect.

"Therefore, and in accordance with your recommendation, the Board will take no action regarding the termination of the bank's membership in the System by reason of the failure to effect an earlier increase in the capital stock as required under the conditions of membership prescribed by the Board and accepted by the bank at the time of its admission to membership in the Federal Reserve System."

Approved.

Reply on November 23, 1933, approved by three members of the Board, to a letter dated November 3 from Mr. McClure, Federal Reserve Agent at Kansas City; the reply reading as follows:

"Receipt is acknowledged of your letter of November 3, 1933 advising of certain improvements effected in the condition of 'The State Bank', Winfield, Kansas, together with advice as to other plans of the bank's management for making further necessary adjustments to place the institution in satisfactory condition.

"In view of such improvements and the bank's plan for further corrections and also in view of your recommendation, the Board will take no action at this time with respect to the bank's membership in the Federal Reserve System.

"However, it will be appreciated if you will advise the Board, when such information is available, as to the classification of the securities acquired by the bank in exchange for assets classified as loss in the amount of \$60,000, and also if you will keep the Board advised from time to time of further improvements in the bank's condition in accordance with the plan outlined in your letter."

Approved.

Reply on November 27, 1933, approved by six members of the Board, to a letter dated November 17 from Mr. Case, Federal Reserve

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Agent at New York; the reply reading as follows:

"Receipt is acknowledged of your letter of November 17, 1933, transmitting a copy of a letter addressed to you by the Chairman of the Board of the Bank of the Manhattan Company, with further reference to the disposition by that bank of its holdings of stock in the County Trust Company of White Plains, New York, and the Corning Trust Company and North Side State Bank, both of Corning, New York, the correspondence indicating that arrangements have been completed for the merger of the two last named institutions under the title of the Corning Trust Company.

"In view of the facts that arrangements have been completed for the merger of the Corning Trust Company and the North Side State Bank and the sale of the holdings of the Bank of the Manhattan Company in the merged institutions and that a date has been determined upon for the actual transfer, the Board in accordance with your recommendation will extend to February 1, 1934, the time within which the Bank of the Manhattan Company may dispose of its interests in the Corning Trust Company and the North Side State Bank.

"In view also of the information submitted relative to the situation in White Plains and your recommendation, the Board extends until April 1, 1934, the time within which the Bank of the Manhattan Company may dispose of its holdings of stock in the County Trust Company of White Plains. You are requested, however, to keep the Board advised, from time to time, as to the progress of any negotiations for the sale of such stock."

Approved.

Reply on November 24, 1933, approved by four members of the Board, to a letter dated September 18 from Mr. Case, Federal Reserve Agent at New York; the reply reading as follows:

"Receipt is acknowledged of your letter of September 18, 1933, inclosing a report of examination of the 'Montclair Trust Company', Montclair, New Jersey, made as at the close of business May 24, 1933, for the purpose of developing further information requested by the Board relative to the purchase of certain of the assets and assumption of the deposits and borrowed money liabilities, as at the close of business March 22, 1933, of the Essex Title Guaranty and Trust Company, a nonmember, by the Montclair Trust Company, a member institution, both of Montclair, New Jersey.

"From the information submitted, it would appear that the transaction did not result in any material change in the character of the assets of the Montclair Trust Company or broadening in the functions previously exercised by it within the meaning of the general condition under which the Montclair Trust Company was admitted to the

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"Federal Reserve System, and in accordance with your recommendation the Board will interpose no objection to the transaction, provided that the agreement and transfer are approved by the Department of Banking and Insurance of the State of New Jersey and that the legal phases of the matter meet with the approval of your Counsel."

Approved.

Letter dated November 24, 1933, to Mr. Williams, Federal Reserve Agent at Cleveland, approved by four members of the Board, reading as follows:

"Receipt is acknowledged of Mr. Fletcher's letter of October 31, 1933, relative to the proposed merger of the Dollar Savings and Trust Company of Wheeling, West Virginia (a nonmember bank) with the Wheeling Bank and Trust Company of that city (a member bank) under the charter of the latter institution.

"The Federal Reserve Board understands that the proposed merger will not result in any change in the corporate existence of the member bank affecting its status as a member of the Federal Reserve System; that the proposed transaction will not result in any change in the general character of the assets of the Wheeling Bank and Trust Company or in the scope of the functions exercised by it within the meaning of the general condition under which the institution was admitted to the Federal Reserve System; and that after the transaction is completed the assets and liabilities of the member bank will be substantially of the same character and amounts as those set out in the tentative consolidated statement contained in the memorandum of Mr. S. C. Shull, Examiner, forwarded to the Board with Mr. Fletcher's letter of October 31, 1933, except the eliminations prescribed herein. On this basis, and pursuant to the recommendation of your office, the Board will interpose no objection to the proposed transaction, provided it is consummated in accordance with an agreement of merger which meets with the approval of your counsel, and the Banking Department of the State of West Virginia.

"The Board's consent is given, however, on the condition that criticized assets aggregating approximately \$2,448,000 and representing the items classified as doubtful and loss in both banks will be eliminated in the consolidated institution; that the consolidated institution will agree to eliminate as soon as possible all loans secured in whole or in part by its own stock or obtain other adequate security for each such loan; and that the member bank will not acquire from the Dollar Savings and Trust Company as a result of the merger any corporate stocks other than those which might lawfully be purchased by a national bank under the provisions of the National Bank Act.

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"It is also understood that, prior to the merger, representatives of your office will conduct an investigation of the Trust Department of the Dollar Savings and Trust Company to determine definitely whether the general character of its business and its management and operation are such as to be acceptable in the member bank.

"In order that the Board's records may be complete, it will be appreciated if you will forward to the Board copies of the merger agreement actually executed by the institution, any amendments to the charter of the member bank, and any authorizations of the State authorities covering the transaction."

Approved.

Letter dated November 25, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by four members of the Board, reading as follows:

"Reference is made to Mr. Young's letter dated September 26, 1933, in regard to the transaction whereby the 'Hillsdale Savings Bank', a member institution, and the First State Savings Bank, a nonmember institution, both of Hillsdale, Michigan, and both of which were formerly under conservatorship, were merged under the charter of the Hillsdale Savings Bank and under the name of the Hillsdale State Savings Bank, and the continuing bank was licensed to reopen on September 6, 1933.

"In view of the apparently liquid condition of the institution, the eliminations effected, and the fact that the merger has been approved by the State Banking Department and the institution permitted to reopen, together with the statement by Mr. Young that the transaction did not result in any violation of the member bank's general condition of membership under which it was admitted to the Federal Reserve System, the Board will interpose no objection to the merger of the First State Savings Bank with the Hillsdale Savings Bank, provided that you obtain an opinion from your counsel that the consolidation did not result in any change affecting the status of the Hillsdale Savings Bank as a member of the Federal Reserve System independently of the question of a possible violation of its conditions of membership. Please forward a copy of the opinion rendered by your counsel on this point, giving a reference to the provisions of the Michigan laws under which the consolidation was effected, and also furnish the Board with copies of any agreements covering the consolidation."

Approved.

Letter dated November 27, 1933, to Mr. Newton, Federal Reserve

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Agent at San Francisco, approved by five members of the Board, reading as follows:

"Reference is made to the absorption of the Peoples First Avenue Bank and the Peoples North Seattle Bank, both nonmember banks in Seattle, Washington, by the 'Peoples Bank and Trust Company', Seattle, Washington, effective as of March 14, 1933.

"The Board has reviewed the analysis of report of examination of the Peoples Bank and Trust Company as of May 24, 1933, information submitted with your letters dated March 31, 1933, and August 21, 1933, and other data inclosed with Mr. Sargent's letter dated April 4, 1933, and, in accordance with your recommendation, the Board will interpose no objection to the transactions, provided that you obtain an opinion from your counsel that he is satisfied with the legal aspects of the matter and that the absorptions did not result in any change affecting the status of the Peoples Bank and Trust Company as a member of the Federal Reserve System independently of the question of possible violation of its conditions of membership. Please forward a copy of the opinion rendered by your counsel in this matter, giving reference to the provisions of Washington laws under which the absorptions were effected, and also furnish the Board with copies of amendments to the charter of the member bank, if any.

"In reviewing the information submitted however, it is noted that the Peoples Bank and Trust Company is undercapitalized, particularly in view of the large volume of criticised assets remaining in the institution, and it is felt that steps should be taken, as soon as it is practicable to do so, to effect a further elimination of substandard loans and securities depreciation, and to strengthen the capital structure."

Approved.

Letter dated November 24, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by four members of the Board, reading as follows:

"Receipt is acknowledged of Mr. Young's letter of November 15, 1933, transmitting a request of the Muscatine Bank and Trust Company, Muscatine, Iowa, for permission to assign without recourse a note secured by a first real estate farm mortgage inasmuch as the bank has been offered a satisfactory cash settlement.

"The general condition of membership numbered twelve restricts a member bank from engaging in the business of issuing or selling notes, bonds, mortgages, certificates or other evidences of indebtedness representing real estate loans except with the permission of the Federal Reserve Board, and it seems clear that the bank

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"should not be considered as engaging in the business of selling notes or other evidences of indebtedness secured by real estate mortgages by reason of the transaction referred to above. Therefore, permission of the Board is not necessary to consummate the transaction. It is suggested that you advise the bank accordingly and that the Board will interpose no objection to the transaction."

Approved.

Reply on November 22, 1933, approved by five members of the Board, to letters dated October 16 and November 3 from Mr. Newton, Federal Reserve Agent at Atlanta; the reply reading as follows:

"Receipt is acknowledged of your letter of October 16, 1933, and inclosure, advising that 'The Pascagoula National Bank of Moss Point', Moss Point, Mississippi, has been continuously deficient in its required reserves for more than six months. Receipt is acknowledged, also, of your subsequent letter dated November 3, 1933, and inclosures, in regard to such reserve deficiencies.

"It is noted that the bank's delinquency has been called to the attention of its officers and directors and that steps have been taken to correct the situation. In the circumstances, and in accordance with your recommendation, the Board will take no action at this time regarding the bank's continuous reserve deficiencies, other than to forward copies of your letters and inclosures to the Comptroller of the Currency for his information. However, it will be appreciated if you will advise the Board, within a reasonable time, as to whether the bank has restored and is maintaining its required reserves."

Approved.

Letter dated November 24, 1933, to the "First National Bank in Grand Forks", Grand Forks, North Dakota, approved by four members of the Board, reading as follows:

"The Federal Reserve Board approves your application for permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of North Dakota, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

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"This letter will be your authority to exercise the fiduciary powers as set forth above. A formal certificate covering such authorization will be forwarded to you in due course."

Approved.

Letter dated November 21, 1933, to Mr. McClure, Federal Reserve Agent at Kansas City, approved by five members of the Board, reading as follows:

"Reference is made to the application of the 'National Bank of Tulsa', Tulsa, Oklahoma, for full fiduciary powers, which has been held in abeyance awaiting a report of examination of the applicant bank made as of August 31, 1933.

"The application has been considered again in the light of the new report of examination, and, in view of the large amount of criticized assets shown therein, the aggregate of items classified as doubtful and losses exceeding the amount of the bank's surplus and common capital by approximately \$869,000, the criticisms made by the examiner of the present management and of the officers and trust committee selected for the proposed trust department, and the unfavorable circumstances surrounding the activities of the trust departments in the preceding institutions, the Board feels that it should not grant fiduciary powers to the applicant bank until certain changes and corrections have been effected.

"Consideration has been given to the circumstances surrounding the organization of this institution, the important position held by it in the banking and commercial activities of Tulsa and the large territory tributary thereto, the desirability of assuring as far as possible its successful operation, and the value of fiduciary powers to the bank in achieving that end. Consideration has also been given to the fact that the Reconstruction Finance Corporation, through its large investment in preferred stock, is the bank's majority stockholder and therefore is vitally concerned that the management shall operate the bank on a sound and conservative basis and will be interested in seeing that such changes are made in either the directorate or the official staff as may become necessary to attain that end.

"In this connection the Board notes the statements in your letter of November 13, 1933, that your Executive Committee feels that the bank is being conservatively managed at this time, that the condition of its assets should improve steadily, that the management of the bank and its directors now appreciate fully the importance of giving adequate and careful attention to all bank business, and that if the bank should be granted permission to exercise trust powers the conduct of its trust department would not be subject to criticism.

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"In view of all the circumstances, the Board is prepared to approve the application of the National Bank of Tulsa for full fiduciary powers when it has been advised that action has been taken to the satisfaction of yourself, your Executive Committee, the Reconstruction Finance Corporation, and the Comptroller of the Currency, as follows:

"1. That the bank has obtained an experienced and competent trust officer not previously connected with the Exchange Trust Company, the Exchange National Bank, or the Exchange National Company of Tulsa.

"2. That a trust committee has been selected composed only of the directors who are most capable and experienced in trust matters, particularly in trust investments.

"3. That the bank has retained competent legal counsel experienced in trust matters.

"4. That the existing vacancies on the board of directors have been filled by experienced and competent individuals.

"5. That adequate attention is being given on the part of the directors and officers to placing in satisfactory condition the large volume of criticized loans.

"6. That all amounts classified as losses by the national bank examiner in his report as of August 31, 1933, have been charged off or otherwise eliminated from the assets of the bank.

"When satisfactory assurances covering these matters have been received by the Board, it will grant the application for full fiduciary powers, with the understanding that to the extent that any trusts are taken over from the Exchange Trust Company and Exchange National Bank they will be confined to those which have been approved by the national bank examiner."

Approved.

Letter dated November 25, 1933, to Mr. G. W. Bowen, President of "The Stewart National Bank of Livonia", Livonia, New York, approved by three members of the Board, reading as follows:

"Reference is made to the resolution adopted by the Board of Directors of your bank signifying the bank's desire to surrender its right to exercise the trust powers which have been granted to it by the Federal Reserve Board.

"The Board was advised by the office of the Comptroller of the Currency in a letter dated August 30, 1933, that The Stewart National Bank of Livonia, Livonia, New York, had at that time been discharged or otherwise properly relieved in accordance with law of all of its duties as fiduciary, with the exception of a single trust in favor of the heirs of the William Philips Ross Estate. The Board has now received from the Comptroller of the Currency a

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"letter under date of November 6, 1933, inclosing a certified copy of a certificate executed by the Clerk of the Surrogate's Court of Livingston County, New York, certifying that The Stewart National Bank of Livonia, Livonia, New York, now stands discharged and released of all liabilities as executor under the above named trust. In the circumstances, the Board understands that The Stewart National Bank of Livonia has been discharged or otherwise properly relieved in accordance with law of all its duties as fiduciary, and it has, therefore, issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers granted by the provisions of Section 11(k) of the Federal Reserve Act. This certificate is inclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of Section 11(k) of the Federal Reserve Act as amended, when such a certificate has been issued by the Federal Reserve Board to a national bank, such bank (1) shall no longer be subject to the provisions of Section 11(k) of the Federal Reserve Act or the regulations of the Federal Reserve Board made pursuant thereto (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers granted by Section 11(k) of the Federal Reserve Act except with the permission of the Federal Reserve Board."

Approved.

Reply on November 23, 1933, approved by three members of the Board, to a memorandum dated November 7 from Mr. O'Connor, Comptroller of the Currency; the reply reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Home National Bank of Brockton', Brockton, Massachusetts, from \$500,000 to \$100,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$300,000 par value class 'A' preferred stock to the Reconstruction Finance Corporation and the sale at par of \$200,000 par value class 'B' preferred stock to present stockholders and others; and provides also that the funds released by the reduction in common capital stock in the amount of \$400,000, together with funds in the amount of \$193,000 from the bank's surplus and undivided profits, shall be used, if the bank has not already done so, to eliminate estimated losses in the amount of approximately \$70,229 and depreciation in securities in the lower grades in the amount of approximately \$222,800, as classified in the report of examination of the bank made by a national bank examiner as of August 19, 1933, and to establish a reserve for losses and depreciation in the amount

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"of \$300,000, all as set forth in your memorandum dated November 7, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Brockton National Bank', Brockton, Massachusetts, from \$600,000 to \$120,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$500,000 par value Class A preferred stock to the Reconstruction Finance Corporation and the sale locally at par of \$200,000 par value Class B preferred stock, and that the funds released by the reduction in common capital stock, together with \$300,000 from the bank's surplus account and approximately \$70,000 from undivided profits and reserves, shall be used to eliminate, if the bank has not already done so, estimated losses and depreciation in securities in the lower grades aggregating approximately \$550,000, and to establish a special reserve of \$300,000 against doubtful assets and depreciation in securities in the higher grades, all as set forth in your memorandum of November 8, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of the 'First National Bank of Bar Harbor', Bar Harbor, Maine, from \$100,000 to \$50,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$200,000 par value preferred stock to the Reconstruction Finance Corporation and that the funds released by the reduction in common capital stock, together with \$150,000 from undivided profits, shall be used to eliminate an equal amount of depreciation in securities of the lower grades, all as set forth in your memorandum of November 14, 1933."

Approved.

Letter dated November 20, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by four members of the Board, replying to his

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memorandum of October 24 recommending approval by the Board of a reduction in the capital stock of "The National Bank and Trust Company of Port Jervis", Port Jervis, New York, from \$195,000 to \$130,000. The reply stated that the Board approves the proposed reduction under the plan submitted, subject to the conditions set forth in the reply. The reply stated also that, in considering the plan under which the reduction in capital stock is to be effected, it was noted that no provision was made for the elimination of depreciation in securities below the four highest grades amounting to \$34,967; that, in addition, there will remain in the bank depreciation in securities of the four highest grades amounting to \$31,519, doubtful items aggregating \$89,749, slow items amounting to \$290,867, and a heavy investment in bank premises; and that it is assumed that the Comptroller has these undesirable features in mind and will require further corrections to be made in the condition of the bank whenever it becomes feasible to do so.

Approved.

Reply on November 23, 1933, approved by three members of the Board, to a memorandum dated November 11 from Mr. O'Connor, Comptroller of the Currency; the reply reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of the 'Lafayette National Bank of Brooklyn in New York', Brooklyn, New York, from \$1,450,000 to \$500,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$500,000 par value preferred stock to the Reconstruction Finance Corporation; and provides also that the funds released by the reduction in common capital stock shall be used to eliminate estimated losses aggregating \$448,673.07 and depreciation in lower grade securities of \$118,894.28, to absorb a deficit in undivided profits account amounting to \$136,586.33 and

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"to establish a special reserve for depreciation and losses in the amount of \$200,000, all as set forth in your memorandum of November 11, 1933."

Approved.

Reply on November 23, 1933, approved by five members of the Board, to a letter dated November 10 from Mr. Newton, Federal Reserve Agent at Atlanta; the reply reading as follows:

"Receipt is acknowledged of your letter of November 10, 1933, advising of the proposed reduction in the common capital stock of the 'Savannah Bank and Trust Company of Savannah', Savannah, Georgia, from \$700,000 to \$350,000, and the sale of \$350,000 of capital notes to the Reconstruction Finance Corporation, and recommending that the reduction in common capital stock and the sale of capital notes be approved.

"Since it appears from the information submitted that the entire amount of the reduction in common capital is to be used to eliminate objectionable assets from the bank, and will effect a material improvement in its condition, and since the Board's consent to the reduction in capital is not required by law, or the conditions of membership applicable to the bank, the Board offers no objection to the reduction in capital in the amount indicated, or to the issuance of capital notes, with the understanding, of course, that your counsel has considered the case and is satisfied as to its legal aspects, that such reduction in the common capital stock and the sale of capital notes will not result in any change in the corporate existence of the bank which will affect its membership in the Federal Reserve System, and that the transaction has the approval of the Superintendent of Banks for the State of Georgia."

Approved.

Letter dated November 21, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by four members of the Board, reading as follows:

"Reference is made to your memorandum of November 15, 1933, recommending approval of a reduction in the common capital stock of the 'Lincoln National Bank and Trust Company of Fort Wayne', Fort Wayne, Indiana, from \$1,250,000 to \$500,000, in accordance with a plan of rehabilitation which provides for the sale to the Reconstruction Finance Corporation of \$700,000 par value preferred

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"stock at par and provides also for the use of the released capital funds, together with \$100,000 of funds made available by the sale of doubtful assets to certain directors and \$93,785.49 from the bank's surplus and undivided profits, in eliminating substandard assets and depreciation aggregating \$943,785.49, all as set forth in your memorandum dated November 15, 1933.

"In accordance with your recommendation and the plan submitted in connection therewith, the Federal Reserve Board approves the reduction in common capital stock."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"In accordance with the recommendation of Acting Comptroller Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The Citizens National Bank of Chicago Heights', Chicago Heights, Illinois, from \$200,000 to \$50,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$50,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets in the amount of approximately \$117,000 and to establish a surplus fund in the amount of \$25,000, all as set forth in Mr. Awalt's memorandum of November 21, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"Reference is made to your memorandum of November 15, 1933, recommending approval of a reduction in the common capital stock of 'The First National Bank of Antioch', Antioch, Illinois, from \$80,000 to \$40,000, in accordance with a plan of rehabilitation which provides for the sale to the Reconstruction Finance Corporation of \$40,000 par value preferred stock at par, and provides also for the use of the released funds, together with funds in the amount of approximately \$5,000 to be made available by voluntary contribution, in eliminating substandard assets and depreciation aggregating approximately \$45,000, all as set forth in your memorandum of November 15, 1933.

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"In accordance with your recommendation and the plan submitted in connection therewith, the Federal Reserve Board approves the reduction in common capital stock."

Approved.

Letter dated November 21, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by four members of the Board, replying to his memorandum of October 31 recommending approval by the Board of a reduction in the common capital stock of "The Fremont County National Bank of Canon City", Canon City, Colorado, from \$100,000 to \$50,000. The reply stated that the Board approves the proposed reduction under the plan submitted, subject to the conditions set forth in the reply. The reply stated also that, in considering the plan under which the reduction in the bank's common capital stock is to be effected, the Board has noted that, after the application of funds, in amount of \$50,000 released by the capital reduction and \$10,000 taken from the reserve account, to the elimination of estimated losses, substandard assets, and depreciation in securities, there will remain in the bank a material amount of criticized assets and securities depreciation in addition to a heavy investment in banking house and furniture and fixtures in which the national bank examiner estimates depreciation of approximately \$55,000, and that the Board has assumed that the Comptroller has these undesirable features in mind and that he will require further corrections to be made in the condition of the bank whenever it becomes feasible to do so.

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

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"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The City National Bank of Atchison', Atchison, Kansas, from \$100,000 to \$50,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$50,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets in the amount of approximately \$35,000 and to increase the surplus account by approximately \$15,000, all as set forth in your memorandum of November 13, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five members of the Board, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Union National Bank of Wichita', Wichita, Kansas, from \$200,000 to \$100,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$100,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets and depreciation in the amount of \$96,000, and to increase the surplus account in the amount of \$4,000, all as set forth in your memorandum of November 13, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"Reference is made to your memorandum of November 13, 1933, recommending approval of a reduction in the common capital stock of 'The Wyoming National Bank of Casper', Casper, Wyoming, from \$250,000 to \$125,000, in accordance with a plan of rehabilitation which provides for the sale to the Reconstruction Finance Corporation of \$125,000 par value preferred stock at par, and provides also for the use of the released capital funds in eliminating substandard assets and depreciation.

"In accordance with your recommendation and the plan submitted

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"in connection therewith, the Federal Reserve Board approves the reduction in common capital stock."

Approved.

Letter dated November 24, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by four members of the Board, reading as follows:

"In accordance with the recommendation of Acting Comptroller Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Fort Worth', Fort Worth, Texas, from \$1,100,000 to \$750,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$750,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used, together with \$250,000 from the bank's surplus and approximately \$63,277 from the bank's undivided profits, to eliminate substandard assets and securities depreciation in the amount of approximately \$663,277, all as set forth in Mr. Awalt's memorandum of November 22, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"In accordance with the recommendation of Acting Comptroller Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of San Marcos', San Marcos, Texas, from \$60,000 to \$30,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$30,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock, together with funds from the sale of \$12,000 of eliminated assets to the directors for cash, shall be used to eliminate substandard assets and to establish a surplus account of \$12,000, all as set forth in Mr. Awalt's memorandum of November 17, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of

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the Currency, approved by six members of the Board, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Merchants and Planters National Bank of Sherman', Sherman, Texas, from \$800,000 to \$400,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$400,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets, all as set forth in your memorandum dated November 16, 1933."

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"Reference is made to your memorandum of November 10, 1933 recommending approval of a reduction in the common capital stock of 'The First National Bank of Floydada', Floydada, Texas, from \$50,000 to \$25,000, in accordance with a plan of rehabilitation which provides for the sale to the Reconstruction Finance Corporation of \$25,000 par value preferred stock at par and provides also for the use of the released capital funds, together with approximately \$1,030 from the bank's undivided profits, in eliminating substandard assets and depreciation aggregating approximately \$26,030, all as set forth in your memorandum dated November 10, 1933.

"In accordance with your recommendation and the plan submitted in connection therewith, the Federal Reserve Board approves the reduction in common capital stock."

Approved.

Letter dated November 22, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five members of the Board, replying to his letter of November 9 recommending approval by the Board of a reduction in the common capital stock of "The First National Bank of Parlier", Parlier, California, from \$75,000 to \$50,000. The reply stated that the Board approves the proposed reduction under the plan

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submitted, subject to the conditions set forth in the reply.

Approved.

Letter dated November 27, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of the 'Crescenta-Canada National Bank at Montrose', Montrose, California, from \$50,000 to \$25,000, pursuant to a plan of rehabilitation which provides that the bank's capital shall be increased by the sale at par of \$25,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets in the amount of \$18,911.40 and to establish a surplus fund in the amount of \$6,000, all as set forth in your memorandum of November 11, 1933."

Approved.

Letter dated November 21, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by four members of the Board, reading as follows:

"On October 19, 1933, the Federal Reserve Board wrote to you approving the reduction in common capital stock of the 'Continental Illinois National Bank and Trust Company of Chicago', Illinois, pursuant to a plan outlined in your memorandum to the Board dated October 16, 1933. One of the conditions under which the Board's approval was given was as follows:

'That prior to the time when such reduction is effected, the bank's capital shall be increased by the sale for cash to the Reconstruction Finance Corporation of \$50,000,000 par value of preferred stock at par'.

"The Board understands however, that the preferred stock is being offered pro rata to the present shareholders of the National Bank for subscription, and that only the balance which is not purchased by them will be purchased by the Reconstruction Finance Corporation.

"In the circumstances, the condition of the Board's approval, quoted above, is modified to read as follows:

'That, concurrently with such reduction in common capital stock, the bank's capital shall be increased by the sale for cash of \$50,000,000 par value of preferred stock at par'."

Approved.

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Telegram dated November 25, 1933, to Mr. Newton, Federal Reserve Agent at Atlanta, approved by four members of the Board, reading as follows:

"Board approves application of St. Charles Bank and Trust Company, Norco, Louisiana, for original stock to be issued in name of St. Charles National Bank of Norco, effective if and when authorized by Comptroller of the Currency to commence business.

"Board requests that revised application be obtained and submitted substantially in form of one inclosed with your letter of November 21, except that in first line of last paragraph of first page 'St. Charles National Bank' be changed to read 'St. Charles Bank and Trust Company', that signature to application be that of 'St. Charles Bank and Trust Company' rather than 'St. Charles National Bank' and that seal of State institution rather than seal of national bank be affixed."

Approved.

Telegram dated November 20, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by four members of the Board, reading as follows:

"Board approves amended application First National Bank of Hampton, Hampton, Iowa, for Federal reserve bank stock, and revokes approval granted November 8 of previous application."

Approved.

Letter dated November 23, 1933, to Mr. Peyton, Federal Reserve Agent at Minneapolis, approved by three members of the Board, stating that a preliminary examination of the application for a voting permit under authority of section 5144 of the Revised Statutes, as amended, filed by First Bank Stock Corporation, Minneapolis, Minnesota, indicates that the application should be supplemented as set forth in the letter.

Approved.

Telegraphic reply on November 24, 1933, approved by three members of the Board, to a telegram dated November 23 from Mr. Calkins,

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Governor of the Federal Reserve Bank of San Francisco, referring to the Board's telegram of November 23 to all Federal reserve agents quoting a message from the President of the United States under date of November 22, 1933, requesting the cooperation of all banks in the country in cashing pay checks received by employees of the civil works administration. Governor Calkins' telegram stated that it is assumed that it is not contemplated that the Federal reserve banks will cash the checks referred to for payees and that such warrants will be accepted only in accordance with Treasury circular 176 when properly endorsed by banks. The reply read as follows:

"Your wire November 23. Treasury checks received by employees of the civil works administration should be handled by Reserve banks in same manner as other Treasury checks."

Approved.

Reply on November 20, 1933, approved by five members of the Board, to letters dated September 28 and November 3 from Mr. Case, Federal Reserve Agent at New York; the reply reading as follows:

"Receipt is acknowledged of your letter of September 28, 1933, inclosing a copy of a letter received by you from the Manufacturers Trust Company, New York, New York, under date of September 25, 1933, together with a copy of a brief prepared by counsel for the Trust Company, relating to the necessity for publishing reports of certain corporations as affiliates of the Trust Company. Receipt is also acknowledged of your letter of November 3, 1933, with reference to the subject of your earlier letter and inclosing a copy of a letter from the Trust Company dated October 30, 1933.

"The letters from the Trust Company and the brief submitted raise the question whether the Huron Holding Corporation is an affiliate within the statutory definition of Section 2(b) of the Banking Act of 1933. It is explained that this corporation was formed at the time of the merger of Chatham Phenix National Bank and Trust Company and Manufacturers Trust Company in order to liquidate certain doubtful assets for the benefit of the then stockholders of the merging banks. The brief points out that

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"neither the shares of its stock nor outstanding receipts for its deposited shares are 'tied' to shares of stock of the Manufacturers Trust Company and that the majority stockholders of the Huron Holding Corporation may no longer be majority stockholders of the Trust Company. If the argument is correctly understood, the only reason which is given for holding that the Huron Holding Corporation does not fall within the language of the definition is that the registered holders of a majority of the shares of the Manufacturers Trust Company may not control, directly or indirectly, the Huron Holding Corporation, inasmuch as certificates of stock and receipts for stock may have been transferred without a corresponding transfer on the books of record, so that the persons owning the 'beneficial' interest in the stock are not necessarily the persons who appear as the owners of record. The situation would seem to be not different from that which arises in the usual case. It is always necessary to determine whether as a question of fact, an organization falls within one or more of the categories enumerated in the statutory definition. The possibility or probability that stock certificates have been transferred without corresponding transfers of record may increase the difficulty of determining the question of fact, but the question remains and it is a question which the Federal Reserve Board is not able and should not be called upon to determine in the first instance.

"With the possible exception of the Huron Holding Corporation, it is understood that all of the companies named in the letter and in the brief are admitted to be affiliates within the language of the statutory definition, although, for various reasons, it is contended that they are not the kinds of affiliates intended to be included within the scope of the definition, or that, because of peculiar circumstances, the publication of their reports is either unnecessary or would prove to be misleading. The reasons urged for this conclusion follow three lines of thought and divide the companies named into that number of groups. In the first group are companies each of which is a subsidiary of a corporation which is itself an affiliate of the Manufacturers Trust Company. It is urged that a report will be published for the intermediate corporation, thus making it unnecessary to publish the reports of that corporation's subsidiaries. The second main group of corporations consists of companies, which like the C. P. N. Realty Corporation and the Gotham National Bank Building, Inc., appear to exist only for the purpose of liquidating real estate, or which represent loans which have been defaulted or charged off. Certain of the companies in this group are referred to as 'nominee' corporations. both groups are subdivided into those companies which are indebted to the Trust Company and those which are not, although the significance of this distinction is not explained.

"The definition of an 'affiliate' in Section 2(b) of the Banking Act of 1933 is applicable to those provisions of Section 9 of the Federal Reserve Act which require a member bank to publish the

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"reports of its affiliates. Section 9 goes further and specifically provides that, for the purposes of the paragraph containing this requirement, the term 'affiliate' shall include holding company affiliates as well as other affiliates. The purpose for which a corporation was organized or is existing has no place in the definition. There is no provision that the reports of a certain corporation which is an affiliate within the language of the statutory definition need not be published because the corporation is merely a nominee company, or because it represents a charged-off loan, or because it is the subsidiary of an affiliate as to which a report will be published. The law does not raise an exception due to peculiar circumstances of any such character and it does not vest the Federal Reserve Board with the duty or privilege of so doing.

"It is suggested in the brief that, inasmuch as the Act provides a specific penalty for failure to make reports and does not prescribe a penalty for failure to publish them, such omission indicates that the Federal reserve authorities have a substantial discretion in deciding whether or not a given report should be published. The argument, however, is suggestive as to what might have been done rather than convincing as to the proper construction of the law as enacted, and it is the opinion of the Board that with respect to companies which are affiliates when tested by the letter of the statutory definition, the Board has no discretion to raise exceptions to the mandatory and inclusive provisions requiring the publication of reports.

"The third of the three groups of organizations referred to above includes only one of the companies named in the brief, the Harvey Brokerage Company, Inc. With respect to this company it is said:

'Manufacturers on June 30 owned the entire capital stock of this corporation, but since that date has sold it.' If, as is suggested by the statement quoted, Harvey Brokerage Company, Inc., has ceased to be an affiliate of the Manufacturers Trust Company within the letter of the statutory definition, there would seem to be no reason compelling the Manufacturers Trust Company to publish reports of the Brokerage Company which are compiled as of a date subsequent to the date upon which the Company ceased to occupy the status of an affiliate of the Trust Company.

"For your convenience in transmitting the substance of this letter to the Manufacturers Trust Company, a carbon copy is sent you herewith. It should be pointed out to the Trust Company that, as you have suggested in your letter of September 28, 1933, statements explanatory of the actual relationship between the Trust Company and its affiliates may be included in the reports which are published in order to avoid those misleading statements and suggestions which the Trust Company regards as a probable result of the publication."

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Telegraphic reply on November 21, 1933, approved by five members of the Board, to a telegram dated November 16 from Mr. Newton, Federal Reserve Agent at San Francisco; the reply reading as follows:

"Retel November 16. Limited voting permit mailed First Security Corporation of Ogden on November 17 and corporation notified by telegram. Board reluctant to issue limited permits because of duplication of work and delay resulting therefrom as well as other reasons. In this case, however, Board will consider application in connection with Utah banks as application for limited permit as requested your telegram but cannot give application even when so considered immediate attention due to many other urgent cases awaiting consideration."

Approved.

Telegraphic reply on November 23, 1933, approved by three members of the Board, to a telegram dated November 18 from Mr. Newton, Federal Reserve Agent at San Francisco, stating that Mr. T. A. Work individually owns control of the First National Bank, Pacific Grove, California, the Hollister National Bank, Hollister, California, and the First National Bank, Monterey, California; that both the Hollister bank and the Pacific Grove bank have voted for Class B directors of the Federal Reserve Bank of San Francisco; and that advice is requested as to whether the reserve bank is correct in its interpretation that, in view of the provisions of section 4 of the Federal Reserve Act, Mr. Work will be construed as a holding company affiliate and therefore only one of the member banks may participate in the nomination or election of directors of the Federal reserve bank. The reply read as follows:

"In absence of pertinent facts not revealed in your telegram November 18, Board is of opinion that T. A. Work individually is not Quote corporation, business trust, association, or other

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"similar organization Unquote and therefore not a holding company affiliate as that term is defined in section 2(c) Banking Act of 1933 and that designation by him of member bank to participate in nomination or election of Reserve bank directors is therefore unnecessary."

Approved.

Reply on November 24, 1933, approved by five members of the Board, to a letter dated November 21 from Mr. Downs, Assistant Federal Reserve Agent at New York; the reply reading as follows:

"In compliance with the recommendation in your letter of November 21, 1933, the Board grants to the Manufacturers Trust Company, New York City, an extension of time to December 1, 1933, within which it may file the reports of its affiliates."

Approved.

Reply on November 24, 1933, approved by four members of the Board, to a letter dated October 10 from Mr. A. H. Marble, President of The Stock Growers National Bank, Cheyenne, Wyoming; the reply reading as follows:

"Your letter of October 10, 1933, addressed to the Comptroller of the Currency, has been referred to the Federal Reserve Board for reply.

"From your letter, the Board understands that the Stock Growers National Company is a securities company and an affiliate of The Stock Growers National Bank, and that you are under the impression that the Banking Act of 1933 requires the bank to dispose of this business by 'January 1st next'. You anticipate that the bank will be unable to find a purchaser for the business by that date, and you desire to be advised whether the affiliation may be lawfully continued after January 1, 1934, provided that the company refrains from undertaking any new business after such date and is liquidated as soon as practicable thereafter.

"In view of your reference to 'January 1st next', it is not clear what provisions of law you have in mind, but it is assumed that your inquiry has reference to Section 20 of the Banking Act of 1933, which provides in effect that, after one year from June 16, 1933, no member bank shall be affiliated in any manner described in Section 2(b) of that Act with 'any corporation, association, business trust or other similar organization engaged

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"principally in the issue, flotation, underwriting, public sale or distribution at wholesale or retail or through syndicate participation of stocks, bonds, debentures, or other securities.' Although section 20 clearly requires each member bank to divorce any affiliate which may be engaged in the business of a securities company on or after one year from June 16, 1933, it is the opinion of the Board that the provisions of that section do not require a member bank to divorce an affiliate which shall have been engaged in the business of a securities company prior to June 16, 1934, unless such organization is actually engaged in such business on that date or thereafter engages in any such business. Accordingly, it would seem that it will not be unlawful under Section 20 of the Act for The Stock Growers National Bank to continue its affiliation with the Stock Growers National Company from and after June 16, 1934, provided that the latter company is not engaged in any kind of business described in section 20 on that date, and that it does not thereafter engage in any such business.

"In this connection, however, your attention is directed to section 5139 of the Revised Statutes, which provides that, after one year from June 16, 1933, no certificate representing the stock of any national banking association shall represent the stock of any other corporation (with exceptions not here pertinent), nor shall the ownership, sale or transfer of any certificate representing the stock of any such association be conditioned in any manner whatsoever upon the ownership, sale or transfer of a certificate representing the stock of any other corporation, except a member bank. Of course, The Stock Growers National Bank must comply with such provisions of Section 5139.

"Your attention is also directed to Section 32 of the Banking Act of 1933, and for your information there is inclosed herewith a copy of the Board's Regulation R, relative to relationships with dealers in securities under that section."

Approved.

Reply on November 20, 1933, approved by five members of the Board, to letters dated September 13 and November 1 from Mr. Norris, Governor of the Federal Reserve Bank of Philadelphia; the reply reading as follows:

"Reference is made to your letters of September 13, 1933, and November 1, 1933, requesting an interpretation of the Federal Reserve Board's Regulation Q. I regret exceedingly that the extreme pressure of other matters of urgent importance has prevented an earlier consideration by the Board of the questions presented in your letter of the former date.

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"You refer to the Board three questions submitted to you by Mr. William T. Gest, Chairman of the Board of the Fidelity-Philadelphia Trust Company and Chairman of the Clearing House Committee of the Philadelphia Clearing House. Mr. Gest requests to be advised, in the first place, whether the printed notice contained in the passbook issued by the Fidelity-Philadelphia Trust Company in connection with its Savings Department complies with Section V(a)(2) of Regulation Q. Such notice provides that deposits and interest thereon will be paid after thirty days' written notice but that the Savings Department may, in its discretion, waive this requirement of notice and make payment upon notice of two weeks or less. The Board is of the opinion that, since notice in writing of not less than thirty days may be required before withdrawal, the fact that withdrawals may be allowed upon notice of less than thirty days does not prevent the deposit subject to such withdrawal from being a 'savings deposit' within the meaning of the definition contained in Regulation Q. It should be noted, however, that the Fidelity-Philadelphia Trust Company must comply with the provisions of Section 19 of the Federal Reserve Act that no member bank shall waive any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement, and that it must likewise comply with the provisions of Section VI of Regulation Q on this subject.

"It is asked, in the second place, whether loans may be made on the assignment of the whole or part of a savings fund account. Footnote 10 to Section VI(d) of Regulation Q prohibits the making of a loan to the owner of a savings deposit for the purpose of evading any of the requirements of that section. A loan may be within the prohibition contained in this footnote irrespective of whether it is secured by an assignment of the savings deposit itself, or by other collateral or by no collateral at all, provided such loan is in fact made for the purpose of evading the provision of the regulation. Each case must be determined on the basis of its own particular circumstances. The fact that a loan is secured entirely or in part by an assignment of a savings deposit may, of course, constitute a circumstance to be considered in determining whether the loan was made for the purpose of evading the requirements of Section VI of the regulation.

"With respect to Mr. Gest's third question, it is noted that a rule of the Philadelphia Clearing House authorizes the waiver of any required notice of withdrawal on accounts subject to thirty days' notice, or more, and permits the withdrawal of unmatured time deposits, provided the rate of interest on such withdrawals for a period of at least thirty days prior to such withdrawals does not exceed the rate applicable to deposits payable on less than thirty days' notice. Even though notice of withdrawal of savings deposits is not required by a member bank, it is only necessary that the interest paid thereon shall not exceed the

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"maximum rate prescribed by Section V(c) of Regulation Q, provided the provisions of Section VI of the regulation, already noted, are fully complied with. Your attention is called to the fact, however, that Section IV of the regulation prohibits the payment in any case of time deposits (as distinguished from 'savings deposits') before their maturity. It is suggested, therefore, that the reference to the withdrawal of unmatured time deposits be eliminated from the rule in question."

Approved.

Reply on November 20, 1933, approved by five members of the Board, to a letter dated June 28 from Mr. John W. Sanders, Treasurer of the Clinchfield Railroad Company, Erwin, Tennessee; the reply reading as follows:

"Reference is made to your letter of June 28, 1933, addressed to the Comptroller of the Currency and referred to the Federal Reserve Board for reply. The Board regrets that due to the pressure of other matters of an urgent nature, it has not had an opportunity to give earlier consideration to your inquiry.

"You inquire whether the payment of interest on deposits of funds of your company in national banks under contracts, providing that such banks will pay interest on daily balances, is permissible subsequent to the enactment of the Glass-Steagall bill. You state that the contracts do not provide for any certain term during which payment of interest shall be made, but the intention was that they should apply to all daily balances thereafter maintained.

"Under the provisions of Section 19 of the Federal Reserve Act as amended by section 11 (b) of the Banking Act of 1933, a member bank may not pay interest on a deposit payable on demand except in accordance with a contract entered into in good faith prior to June 16, 1933 and in force on that date; and a member bank is required to eliminate from any such contract any provisions for the payment of interest on deposits payable on demand as soon as possible consistently with its contractual obligations. Deposits of certain kinds are excepted from the provisions of law in question, but deposits of the kind which are the subject of your inquiry would not appear to come within any of the exceptions mentioned in the statute.

"Inasmuch as you did not submit copies of the contracts referred to above, the Federal Reserve Board is unable to answer your question specifically; and although your letter does not so state, it is assumed that the deposits to which you refer are deposits payable on demand. In deciding whether a valid and binding contract

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"For the payment of interest exists, the determinative factor is whether the bank in question is under a legal obligation to pay interest on deposits in accordance with the terms of a bona fide agreement in force on June 16, 1933. Accordingly, if the agreement to pay interest on any such deposit was entered into in good faith and was in force on such date and is the valid and binding obligation of the bank in question, interest may be paid on such deposit in accordance with the terms of the agreement. On the other hand, if the agreement in respect to the payment of interest on such deposit is not a valid and binding contract, or if it is subject to cancellation or modification at the option of the bank or without liability on the part of the bank, the member bank may not continue to pay interest on such deposit which is payable on demand.

"In this connection, it is quite likely that the contracts to which you refer, in that they do not provide for any certain term during which payment of interest on daily balances shall be made, are subject to cancellation or modification by the banks without liability and are, therefore, of a character not excepted by the statute. If this is the case, it became the duty of such national banks as soon as possible after June 16, 1933, to take such action as was necessary to terminate the contracts or to eliminate any provisions for the payment of interest on deposits payable on demand. No interest may be paid by such banks on deposits which have been received under the contracts and which are payable on demand for any period after the effective date of modification of the contracts."

Approved.

Reply on November 20, 1933, approved by five members of the Board, to a letter dated October 25 from Mr. I. R. Alter, Executive Vice-President of the First National Bank, Grand Island, Nebraska; the reply reading as follows:

"Reference is made to your letter dated October 25, 1933, addressed to the Comptroller of the Currency, which has been referred to the Federal Reserve Board for reply. You state that payment of a time certificate of deposit, dated June, 1933, issued by your bank, payable to the depositor or to the survivor, and left with your bank to protect funeral expenses, has been requested by the survivor for the purpose of securing funds to meet the funeral expenses of the depositor. Although your inquiry is not specific, it is assumed that payment of such certificate has been requested prior to the date of its maturity.

"Section 19 of the Federal Reserve Act, as amended, provides

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"in part that no member bank shall pay any time deposit before its maturity. The language of the statute is explicit and does not authorize the Board to make an exception for any purpose.

"In connection with the making of a loan against a time certificate of deposit by a member bank, your attention is invited to the footnote on page 6 of the Board's Regulation Q, which provides as follows:

'The making of a loan to the owner of a time deposit in a member bank by such bank, or by any other bank, person, partnership or corporation in accordance with any agreement, arrangement or understanding with such bank, for the purpose of evading any prohibition of Sec. IV above, will, to the extent of such loan, be deemed to be a payment of such deposit in violation of such prohibition; and, in any case in which a loan is made to the owner of a time deposit in a member bank by such bank or in accordance with any agreement, arrangement or understanding with such bank, the member bank must be prepared to show clearly that it was made in good faith and not for the purpose of evading any such prohibition'.

"A copy of Regulation Q is inclosed for your information."

Approved.

Reply on November 24, 1933, approved by five members of the Board, to a letter dated November 15 from Mr. A. D. Shackelford, Executive Vice President of the National Bank of Wilson, North Carolina; the reply reading as follows:

"Reference is made to your letter dated November 15, 1933, inquiring whether your bank would be permitted to anticipate payment of certain certificates of deposit which were issued to the depositors in settlement of their claims against the First National Bank and the Wilson Trust and Savings Bank. You state that the certificates in question become due on January 15, 1934, and that it is the intention of your bank, if permission is granted by the Federal Reserve Board, to pay such certificates on November 15, 1933.

"Section 19 of the Federal Reserve Act, as amended, provides in part that no member bank shall pay any time deposit before its maturity. The language of the statute is specific and does not authorize the Board to make any exception for any purpose. Accordingly, the certificates of deposit to which you refer may not be paid prior to the date of their maturity."

Approved.

Reply on November 27, 1933, approved by six members of the

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Board, to a letter dated November 22 from Mr. Downs, Assistant Federal Reserve Agent at New York; the reply reading as follows:

"In compliance with the recommendation you make in your letter of November 22, the Central Hanover Bank and Trust Company, New York City is hereby granted an extension of time to November 28 within which to submit the report of its deposits on Schedule 'Q'."

Approved.

Letter dated November 21, 1933, to the Federal reserve agents at all Federal reserve banks, approved by four members of the Board, reading as follows:

"In Section IV(e) of Regulation R, dealing with the provisions of Section 32 of the Banking Act of 1933, one of the factors which will be considered in determining whether the issuance of a permit will be compatible with the public interest is stated as follows:

'Whether the proposed relationship will have any undesirable effect upon the member bank's financial condition, its credit or investment policies, or its policies in dealing with its other customers.'

"There appears to be some likelihood that, in answering questions numbered 1 and 4 on Form 99c, sufficient detail will not be given to permit the Board to determine whether or not the business of the dealer in securities customarily includes the underwriting, flotation and distribution of securities or participations in such transactions, and whether the customary business dealings between the member bank and the dealer involve securities in the underwriting, flotation or distribution of which the dealer has been interested. It is, accordingly, requested that, in submitting applications to the Board involving Section 32, you advise the Board regarding these matters in each case."

Approved.

Telegram dated November 23, 1933, to the Federal reserve agents at all Federal reserve banks, approved by four members of the Board, reading as follows:

"In connection with applications of directors of Federal reserve banks or branches for permission to serve other banks within prohibitions of Section 8A of Clayton Act it is not necessary for

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"Federal reserve bank or branch to submit statement on Form 94a; but Federal reserve agent should submit information as to the extent to which other banks covered by application have used credit facilities of Federal reserve banks, as to applicant's record of attendance at directors' meetings, whether he has served as member of executive, discount or other committee of Federal reserve bank or branch and whether he is regarded in other respects as a desirable director of Federal reserve bank or branch."

Approved.

Letter dated November 23, 1933, to Mr. Williams, Federal Reserve Agent at Cleveland, approved by three members of the Board, reading as follows:

"Reference is made to Mr. Fletcher's letter of November 13, 1933, regarding the services of three directors of branches of your bank who are serving at the same time as directors of national banks and State banks.

"In view of the fact that a Federal reserve bank is a bank 'organized or operating under the laws of the United States', the service of a director of a Federal reserve bank, or of one of its branches, as a director of any corporation coming within the prohibitions of Section 8A will be prohibited after January 1, 1934, by the provisions of Section 8A unless permit has been issued covering such service.

"As you are of course aware, the Board is not authorized to issue a permit covering the service of more than three banking institutions coming within the prohibitions of the Clayton Act. It is noted that two of the directors referred to in your letter are serving more than three institutions which apparently come within the prohibitions of the Clayton Act; and it will, accordingly, be necessary for such directors to cease to serve all but three such institutions. In this connection see Section V(a) of Regulation L."

Approved.

Reply on November 23, 1933, approved by five members of the Board, to a letter dated November 16 from Mr. Sterling Newell of Squire, Sanders & Dempsey, Cleveland, Ohio, counsel for the Federal Reserve Bank of Cleveland; the reply reading as follows:

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"Receipt is acknowledged of your letter of November 16, 1933, to Mr. Wyatt, in which you state that your office, at the request of the Federal Reserve Bank of Cleveland, has prepared an opinion holding that Section 8A of the Clayton Act does not prohibit one of the directors of that bank from serving at the same time as a director of a Pennsylvania building and loan association which occasionally makes loans to its own shareholders, secured by its own stock. You state that your opinion was based upon the Board's letter of September 11, 1933 (X-7584).

"Before transmitting your opinion to the Federal Reserve Bank, you ask to be advised whether the Board's letter of November 10, 1933, (X-7677), should be regarded as qualifying or overruling the decision contained in the Board's letter of September 11, 1933.

"It is of course possible that in enacting Section 8A Congress did not have in mind loans by a manufacturing corporation to its employees, secured by its own stock; but it does not seem that the wording of the Section is such as to leave room for a construction which would exclude such loans. The stock of the manufacturing corporation is evidently stock of precisely the kind referred to in the phrase 'stock or bond collateral'.

"On the other hand, it appears that the stock of a building and loan association is issued merely as a part of the plan for the accumulation of the funds of members under which such associations operate. The loan on the stock is, therefore, merely a part of the plan pursuant to which the stock itself is issued and the transaction, therefore, appears to be of a different kind from that referred to in Section 8A.

"The letter of September 11, 1933, should therefore not be regarded as altered by the letter of November 10, 1933."

Approved.

Reply on November 27, 1933, approved by six members of the Board, to a letter dated November 16 from Mr. Hoxton, Federal Reserve Agent at Richmond; the reply reading as follows:

"Reference is made to your letter of November 16, 1933, in which you state that one of the Class A directors of your bank who is also serving another bank has suggested that he should not be required to fill out and submit an application on the Board's Form 94, for a permit under the Clayton Act to serve the two institutions.

"Careful consideration has been given to the matter and it appears that, since the Act places upon the Board the responsibility of determining whether or not the issuance of a permit will be compatible with the public interest, the filing of an application should be required in cases of the kind to which you refer. It

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"does not appear to be necessary, however, in connection with an application involving the service of a director of a Federal Reserve Bank or branch to include a statement of the Federal Reserve Bank or branch on Form 94a, and, in this connection, reference is made to the Board's telegram of November 23, 1933, Trans. No. 1915."

Approved.

Telegraphic reply on November 20, 1933, approved by five members of the Board, to a telegram dated November 13 from Mr. Robert S. Parker, counsel for the Federal Reserve Bank of Atlanta, with regard to the question as to whether the Board can grant permits to serve as a director of a national bank and at the same time as a director of a Morris Plan bank or similar institution making loans on stock or bond collateral. The reply read as follows:

"Your wire 13. Section 8A of Clayton Act applies to any institution making loans on stock or bond collateral but, in the few instances in which question has been presented, Morris Plan banks organized under laws of particular States have heretofore been considered 'banks' within meaning of Section 8, and in such cases permits could be issued. Board has not ruled generally on question whether all Morris Plan banks are 'banks' within meaning of Section 8. With regard to 'installment stock', Board is without sufficient information to state definitely whether situation would be analagous to loans made by building and loan associations secured by their own stock, but if transaction is essentially similar, same principles might be applied."

Approved.

Reply on November 23, 1933, approved by four members of the Board, to a letter dated November 13 from Mr. Newton, Federal Reserve Agent at Atlanta; the reply reading as follows:

"Receipt is acknowledged of your letter of November 13, 1933, regarding the service of Mr. E. W. Lane of Jacksonville as a director and/or officer of three national banks and as a director of the Jacksonville branch of the Federal Reserve Bank of Atlanta. You are correct in concluding that the Board is authorized to issue a permit covering the service of not more than three banking

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"institutions and that, therefore, if Mr. Lane continues to serve as a director of the Jacksonville branch, he cannot be authorized to serve at the same time as a director or officer of more than two national banks. In this connection, see Section V(a) of Regulation L."

Approved.

Reply on November 24, 1933, approved by four members of the Board, to a letter dated November 17 from Mr. F. M. Farris, Executive Vice-President of the Third National Bank, Nashville, Tennessee; the reply reading as follows:

"I have received your letter of November 17, 1933, regarding the question whether Mr. C. A. Craig and Mr. C. R. Clements, Chairman of the Board of Directors and Executive Vice-President, respectively, of the National Life and Accident Insurance Company, can continue as directors of your bank after January 1, 1934.

"When you were in Washington, you stated that the National Life and Accident Insurance Company occasionally makes loans secured by stock or bond collateral. In the circumstances, the service of these gentlemen would come within the prohibitions of Section 8A of the Clayton Act, and the question which you raise is, therefore, whether the Federal Reserve Board is authorized to issue permits covering the services in question. This matter was under consideration when you were in Washington, but the Board has now reached the conclusion that the provisions of Section 8 of the Clayton Act which authorize the Board to issue permits refer only to banking institutions of certain classes, and that the Board is, accordingly, without authority to issue permits involving relationships between national banks and non-banking organizations which come within the prohibitions of Section 8A. Of course, the same is true with respect to relationships between Federal reserve banks and non-banking organizations which come within the provisions of Section 8A since Federal reserve banks are 'organized or operating under the laws of the United States'.

"As you know, Section 8A refers to any corporation which 'shall make' loans of the kind described; and that section, therefore, does not refer to the business which may have been transacted by a corporation in the past, but refers only to the business transacted after January 1, 1934, the effective date of the section. Therefore, the prohibitions of Section 8A are inapplicable to a director of a national bank who shall serve as a director, officer, or employee of a corporation which, in the past, has made loans secured by stock or bond collateral, if such corporation shall make no loans of such character after January 1, 1934. However, if

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"the corporation shall make such loans after January 1, 1934, Section 8A will forbid the service of a director, officer, or employee of a national bank or of a Federal reserve bank as a director, officer, or employee of such a corporation; and, if the corporation is not a banking corporation, the Board is not authorized to issue a permit covering such service."

Approved.

Reply on November 27, 1933, approved by six members of the Board, to a letter dated November 18 from Mr. Newton, Federal Reserve Agent at San Francisco; the reply reading as follows:

"Reference is made to your letter of November 18, 1933, regarding the applicability of Section 8A of the Clayton Act to the service of Mr. Andrew Welch as a director of your bank and as President of Welch & Company. In view of the fact that Welch & Company makes loans secured by stock or bond collateral, you conclude that Section 8A is applicable to his service and that the Board is without authority to grant him a permit. As is shown by Section V(a) of Regulation L, this conclusion is correct, with the result that Mr. Welch will not be authorized to serve as a director of your bank and as President of Welch & Company after January 1, 1934, if Welch & Company shall make loans secured by stock or bond collateral after that date."

Approved.

Reply on November 20, 1933, approved by five members of the Board, to a letter dated September 7 from Mr. Newton E. Anderson, Los Angeles, California; the reply reading as follows:

"Your letter of September 7, 1933, addressed to the Attorney General of the United States has been referred to the Federal Reserve Board for reply. You request to be advised whether a Federal reserve bank note is an obligation only of the Federal reserve bank issuing such note or whether it is also an obligation for which the Treasury of the United States would be responsible in the event that the Federal reserve bank could not respond.

"With respect to such notes, Section 18 of the Federal Reserve Act as amended provides in part as follows:

'Upon the deposit with the Treasurer of the United States, (a) of any direct obligations of the United States or (b) of any notes, drafts, bills of exchange, or bankers' acceptances acquired under the provisions of this Act, any Federal reserve

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"bank making such deposit in the manner prescribed by the Secretary of the Treasury shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, duly registered and countersigned. When such circulating notes are issued against the security of obligations of the United States, the amount of such circulating notes shall be equal to the face value of the direct obligations of the United States so deposited as security; and, when issued against the security of notes, drafts, bills of exchange and bankers' acceptances acquired under the provisions of this Act, the amount thereof shall be equal to not more than 90 per cent of the estimated value of such notes, drafts, bills of exchange and bankers' acceptances so deposited as security. Such notes shall be the obligations of the Federal reserve bank procuring the same, shall be in form prescribed by the Secretary of the Treasury, shall be receivable at par in all parts of the United States for the same purposes as are national bank notes, and shall be redeemable in lawful money of the United States on presentation at the United States Treasury or at the bank of issue."

"It is the policy of the Federal Reserve Board not to express an opinion upon any question of law unless such question has arisen or is likely to arise in a particular case. In the circumstances, therefore, the Board does not feel that it is in a position to express itself with reference to your question. It is hoped, however, that the above quoted excerpt from the Federal Reserve Act may furnish the information which you desire."

Approved.

Reply on November 23, 1933, approved by five members of the Board, to a letter dated November 13 from Mr. L. S. Whetstone, Tacoma, Washington, requesting to be advised whether he is doing anything wrong in making statements over the radio that postal savings deposits are safer than deposits in banks and building and loan associations. The reply read as follows:

"Receipt is acknowledged of your letter of November 13 addressed to 'U. S. Federal Reserve Bank', Washington, D. C., in regard to statements made by you in radio broadcasts.

"As it does not appear that the determination of the questions which you ask regarding these statements is within the authority conferred upon the Federal Reserve Board by law, it cannot undertake to express any opinion regarding them."

Approved.

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Reply on November 27, 1933, approved by six members of the Board, to a letter dated November 23 from Mr. Williams, Federal Reserve Agent at Cleveland; the reply reading as follows:

"Receipt is acknowledged of your letter of November 23, 1933, and its inclosures, in regard to an advertisement published by the Peoples Savings Bank Company, Delta, Ohio, a member bank, respecting the insurance of its deposit accounts beginning January 1, 1934.

"The Board is thoroughly in accord with your method of dealing with situations of this kind as indicated by your letter of November 21 to the President of the institution. In this connection, however, it is noted that reference is made in your letter of November 21 to 'subsection (v) of section 12B of the Banking Act of 1933', whereas it appears that you intended to refer to subsection (v) of section 12B of the Federal Reserve Act.

"There is inclosed copy of a regulation dated November 22, 1933, issued by the Federal Deposit Insurance Corporation with respect to 'bank advertising' which you may find helpful in dealing with this subject."

Approved.

Letter dated November 27, 1933, to Honorable W. A. Julian, Treasurer of the United States, approved by six members of the Board, reading as follows:

"In response to your recent request, the Federal Reserve Board has taken up with the Federal Reserve banks the question as to whether they would be willing to undertake the holding in custody of bonds which are pledged as security for postal savings deposits and the replies indicate that they are willing to undertake this service, although there is a considerable diversity of opinion among the several banks as to just what this service should comprise.

"The Board, however, understands from Mr. Smead, who discussed this question with you recently, that you would like to have the Federal Reserve banks hold in custody, for their member banks only, securities of the United States Government and coupon bonds issued by states, and that you have no objection to the Federal Reserve banks reserving the right to obtain reimbursement of their expenses in this connection from such member banks as elect to have them perform this service. If you will be good enough to advise the Board in this respect and furnish it with a tentative form of custodianship agreement, the Board will be glad to submit

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"such agreement to the Federal Reserve banks for any comments and suggestions they may wish to make."

Approved.

Letter dated November 14, 1933, to Mr. Harrison, Governor of the Federal Reserve Bank of New York, prepared by Governor Black and Mr. Miller in accordance with the action taken at the meeting of the Board on November 7, 1933, approved by six members of the Board, and reading as follows:

"The Board has considered your letter of October 19th in which you ask for an expression of the views of the Board with respect to your accepting the post which the statutes of the Bank for International Settlements reserve for the Governor of the Federal Reserve Bank of New York on the Board of Directors of the Bank for International Settlements.

"The Board has carefully considered this matter in view of its general supervisory duties with respect to the conduct and operation of Federal Reserve Banks, and especially in view of the responsibilities placed upon the Board under sub-section (g) of section 14 of the Federal Reserve Act relating to relationships and transactions with foreign banks and bankers.

"The Board has reached the conclusion that you should not accept the appointment which has been offered you by Mr. Fraser, President of the Bank for International Settlements, and begs to advise that at the present time it would not be willing to grant the permission for such step made necessary by the sub-section of section 14 cited."

Approved.

Reply to a letter dated November 23, 1933, from Honorable Carter Glass, United States Senator; the reply reading as follows:

"I have your letter of November 23rd acknowledging mine of November 21st concerning your inquiry, through Mr. Hamlin, as to the omission from the recent issue of the Federal Reserve Bulletin of the review of business conditions of the country.

"My letter to you of November 21st was intended to be a full and specific reply to your inquiry as transmitted to the Board by Mr. Hamlin. The Board is very glad to answer your further inquiries as contained in your present letter.

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"In order that you may see how the Bulletin is made up, there is inclosed herewith copy of the November issue. The first part of the Bulletin contains two principal sections. One of these, on page 679 in the November Bulletin, is entitled 'National Summary of Business Conditions'. The other, page 669, is entitled 'Review of the Month'.

"The National Summary of Business Conditions is a regular feature of the Bulletin, appearing every month, and is in a standardized form. It is prepared in cooperation with a committee of Federal reserve agents and is intended to show, so far as this is possible by statistical indices and comparable indicators, changes that have taken place in the month covered in the Summary in industrial production, employment, construction, distribution, prices, foreign exchange, bank credit, and money rates. To repeat, such a National Summary appears in every Bulletin and in substantially similar form.

"The Review of the Month is of a different character. It is flexible, lending itself to the presentation or discussion of the most significant events of the month in the perspective of a longer period and to an analysis and interpretation of important business, banking and financial developments. It occasionally contains important public announcements which are incorporated as a matter of historical record or for reference purposes. It has, therefore, no standard form. While it has often contained a survey of business developments from a broader point of view or for a longer period of time than is deemed appropriate in the National Summary of Business Conditions, such surveys are not an invariable or customary feature of the Review of the Month.

"The November Bulletin treated as an outstanding development in the financial field the Administration's position on banking and monetary matters as outlined in the address of the President delivered on October 22nd, and the proceedings of the Deposit Liquidation Board as announced in its telegram of October 18th, and other proceedings of the Deposit Liquidation Board; announcements relative to the purchase of preferred stock from non-member banks by the Reconstruction Finance Corporation; certain executive orders and regulations relative to newly mined gold and the action of the Administration relative to such gold; and proceedings with respect to the purchase of gold in foreign markets.

"It was felt that this information was of paramount importance and should be presented in full and in its official form. For this reason the review for November consists of quotation of official statements.

"The course taken by the review in November in presenting only official statements was exactly the same as was taken in March of this year, when the review consisted of a summary of State bank holidays, the Proclamation of the President of March 6, his message to Congress of March 9, the emergency bank act of March 9, and other pertinent public documents relating to the banking

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"emergency. The review for March contained no editorial discussion of business and banking conditions, but that issue of the Bulletin, as every other issue, carried the national summary of business conditions, which appeared on page 134.

"In view of the impression to which you refer that a change in the form of the review for November was related to a protest made by General Johnson about a sentence in the October review, I wish to state clearly what occurred in that connection.

"On October 26th General Johnson called Dr. Goldenweiser over the telephone and took exception to the following sentence in the review of the month in the October Bulletin: 'It (the decline in industrial activity) has also been marked in industries in which processing taxes and codes have become effective recently', stating to Dr. Goldenweiser that this was not correct. Dr. Goldenweiser called General Johnson's attention to the context of that part of the review of the month and stated that the sentence objected to should be read in connection with the full context, and that the statement to which objection had been taken was true. Neither Dr. Goldenweiser nor any member of the Board or its staff has received any other comment or suggestion of any kind from General Johnson.

"At the time of this telephone conversation, on October 26th, the November Bulletin was in the hands of the printer and the telephone conversation with General Johnson had no effect on its contents. Nothing was taken from it after such telephone conversation and there were added to it only official statements and other official matter which had not been published at the time the Bulletin went to the printer. It follows that the omission of the review from the November Bulletin was in no way related to General Johnson's protest over the telephone on October 26th.

"The Board trusts that the above statement will make clear beyond peradventure that the way in which the November issue of the Bulletin was prepared was identical with that which has been followed in past years. There is nothing whatever in connection with that Bulletin which marks a departure from the well-established procedure of the Board and the Board desires me to add that no departure is in contemplation."

Approved.

Letters dated November 24, 1933, approved by five members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. Henry H. Hornbrook, for permission to serve at the same time as director of The Indiana National Bank of Indianapolis, Indianapolis, Indiana, and as director of The Union Trust Company of Indianapolis, Indianapolis, Indiana.

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Mr. Fred G. Appel, for permission to serve at the same time as director of The Indiana National Bank of Indianapolis, Indianapolis, Indiana, and as director of The Union Trust Company of Indianapolis, Indianapolis, Indiana.

Mr. Edgar H. Evans, for permission to serve at the same time as director of The Indiana National Bank of Indianapolis, Indianapolis, Indiana, and as director of The Union Trust Company of Indianapolis, Indianapolis, Indiana.

Mr. John Ballantyne, for permission to serve at the same time as director and officer of the Manufacturers National Bank of Detroit, Detroit, Michigan, and as director of the Detroit branch, Federal Reserve Bank of Chicago, Detroit, Michigan.

Mr. George J. Schaller, for permission to serve at the same time as director and officer of the Citizens First National Bank, Storm Lake, Iowa, and as director of the Federal Reserve Bank of Chicago, Chicago, Illinois.

Approved.

There were then presented the following applications for original stock, or for the surrender of stock, of Federal reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
Belmar National Bank, Belmar, New Jersey	72	
Branchville National Bank, Branchville, New Jersey	<u>45</u>	117
<u>District No. 3.</u>		
Strausstown National Bank in Strausstown, Strausstown, Pennsylvania	36	
Miners Bank of Wilkes-Barre, Wilkes-Barre, Pennsylvania	<u>3,900</u>	3,936
<u>District No. 4.</u>		
First National Bank in Bryan, Bryan, Ohio	36	
First National Bank of Caldwell, Ohio	54	
Citizens National Bank, Woodsfield, Ohio	36	
First National Bank at Albion, Albion, Pennsylvania	33	
Blairsville National Bank, Blairsville, Pennsylvania	72	
Crafton National Bank, Crafton, Pennsylvania	66	
Farmers National Bank of Mercer, Pennsylvania	36	
Depositors National Bank, New Wilmington, Pennsylvania	<u>36</u>	369

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<u>Applications for ORIGINAL Stock: (Continued)</u>	<u>Shares</u>	
<u>District No. 5.</u>		
Cecil National Bank at Port Deposit, Port Deposit, Maryland	45	45
<u>District No. 7.</u>		
City National Bank in Dixon, Dixon, Illinois	75	75
<u>District No. 8.</u>		
First National Bank of Mount Vernon, Illinois	75	75
<u>District No. 11.</u>		
Santa Anna National Bank, Santa Anna, Texas	36	36
	<u>Total</u>	<u>4,653</u>
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
First National Bank, Portland, Maine (Insolvent)	540	
Peoples-Ticonic National Bank, Waterville, Maine (Insolvent)	300	
Webster National Bank, Webster, Massachusetts (Insolvent)	<u>132</u>	972
<u>District No. 2.</u>		
Orange National Bank, Orange, New Jersey (Being liquidated through conservator)	360	
First National Bank, Gouverneur, New York (Being liquidated through conservator)	<u>180</u>	540
<u>District No. 3.</u>		
Mount Ephraim National Bank, Mount Ephraim, New Jersey (Insolvent)	30	
First National Bank, Goldsboro, Pennsylvania (Insolvent)	<u>42</u>	72
<u>District No. 4.</u>		
First National Bank, Barbourville, Kentucky (Being liquidated through conservator)	66	
National Bank of John A. Black, Barbourville, Kentucky (Being liquidated through conservator)	63	
First National Bank, Portsmouth, Ohio (Being liquidated through conservator)	540	
First National Bank in Derry, Pennsylvania (Insolvent)	60	
First National Bank, Finleyville, Pennsylvania (Being liquidated through conservator)	41	
New Florence National Bank, New Florence, Pennsylvania (Being liquidated through conservator)	30	

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<u>Applications for SURRENDER of Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 4. (Continued)</u>			
Pleasant Unity National Bank, Pleasant Unity, Pennsylvania (Insolvent)	84		884
<u>District No. 5.</u>			
Citizens National Bank, Gastonia, North Carolina (Voluntary liquidation; succeeded by The Citizens National Bank in Gastonia)	360		
First National Bank, Keyser, West Virginia (Being liquidated through conservator)	72		432
<u>District No. 6.</u>			
Hartford National Bank, Hartford, Alabama (Being liquidated through conservator)	36		
De Soto National Bank, Arcadia, Florida (Decrease in surplus)	11		
First National Bank of Commerce, Tarpon Springs, Florida (Insolvent)	69		116
<u>District No. 7.</u>			
First National Bank & Trust Company of Bloomington, Illinois (Insolvent)	240		
First-Henry National Bank, Henry, Illinois (Insolvent)	60		
Newman National Bank, Newman, Illinois (Insolvent)	75		
First National Bank, Ransom, Illinois (Insolvent)	30		
First National Bank, Savanna, Illinois (Being liquidated through conservator)	90		
First National Bank, Steward, Illinois (Insolvent)	36		
Commercial National Bank, Wilmington, Illinois (Insolvent)	60		
Farmers & Wabash National Bank, Wabash, Indiana (Being liquidated through conservator)	177		
First National Bank, Exira, Iowa (Insolvent)	26		
Citizens National Bank, Hampton, Iowa (Being liquidated through conservator)	120		
First National Bank, Hawarden, Iowa (Being liquidated through conservator)	60		
First National Bank, Little Rock, Iowa (Insolvent)	30		
First National Bank, Almont, Michigan (Insolvent)	19		
First National Bank, Avoca, Michigan (Insolvent)	24		

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Applications for SURRENDER of Stock (Continued)		Shares
<u>District No. 7. (Continued)</u>		
Millington National Bank, Millington, Michigan (Insolvent)		18
First National Bank, Richmond, Michigan (Insolvent)		54
First National Bank, Shawano, Wisconsin (Insolvent)		72
		<u>1,191</u>
<u>District No. 8.</u>		
First National Bank, Dardanelle, Arkansas (Insolvent)		18
First National Bank, Columbia, Illinois (Voluntary liquidation; succeeded by First National Bank in Columbia)		51
Farmers National Bank, Dahlgren, Illinois (Insolvent)		17
		<u>86</u>
<u>District No. 9.</u>		
First National Bank, Lake Linden, Michigan (Decrease in capital and surplus)		84
First National Bank, Goodhue, Minnesota (Insolvent)		21
First National Bank, Valier, Montana (Insolvent)		15
		<u>120</u>
<u>District No. 10.</u>		
First National Bank, Boulder, Colorado (Being liquidated through conservator)		102
Boulder National Bank, Boulder, Colorado (Being liquidated through conservator)		60
First National Bank, Central City, Colorado (Insolvent)		21
Rubey National Bank, Golden, Colorado (Insolvent)		60
First National Bank, La Veta, Colorado (Insolvent)		18
Jewell County National Bank, Burr Oak, Kansas (Voluntary liquidation, absorbed by Burr Oak State Bank, nonmember)		42
First National Bank, Haviland, Kansas (Voluntary liquidation; succeeded by Haviland State Bank, nonmember)		36
Central City National Bank, Central City, Nebraska (Insolvent)		60
		<u>399</u>
<u>District No. 11.</u>		
First National Bank, Sylvester, Texas (Insolvent)		21

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<u>Applications for SURRENDER of Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 11. (Continued)</u>			
The National Bank of West, West, Texas (Insolvent)		<u>36</u>	57
<u>District No. 12.</u>			
Albany State Bank, Albany, Oregon (Insolvent)		45	
James M. Peterson Bank, Richfield, Utah (Insolvent)		60	105
		<u>Total</u>	<u>4,974</u>

Approved.

Thereupon the meeting adjourned.

Charles Howell
Secretary.

Approved:

E. P. Black
Governor.