

A meeting of the Federal Reserve Board was held in Washington on Friday, December 8, 1933, at 12:30 p. m.

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

Mr. Morrill, Secretary
 Mr. Carpenter, Assistant Secretary
 Mr. Bethea, Assistant Secretary
 Mr. Martin, Assistant to the Governor
 Mr. Paulger, Chief of the Division of
 Examinations
 Mr. Smead, Chief of the Division of
 Bank Operations

ALSO PRESENT: Mr. Norris, Governor of the Federal Reserve
 Bank of Philadelphia

There was presented a letter dated December 6, 1933, from Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, inclosing a report of a special committee of directors, dated December 1, 1933, which had been accepted and approved by the board of directors of the bank, and stating that Governor Norris would be in Washington on Friday, December 8, 1933, to give to the Board additional details in reference to the report. The report inclosed with Mr. Austin's letter read as follows:

"The Committee appointed by the Chairman in pursuance of a resolution adopted at the meeting of November 15th, to cooperate with the officers in recommendations to be made on changes in the official staff of this bank, respectfully reports as follows:

"During the last year the very great increase in the duties and responsibilities resting on all the officers of the bank has overtaxed them, and has convinced us that, in its official staff, the bank is under-manned. Moreover, we have for some time doubted whether it was good organization to have only two senior executive officers on the operating side of the bank, one or the other of whom must necessarily be frequently absent

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"on account of sickness, vacation, or attendance at committee or other meetings in Washington or elsewhere. We still have in this district 87 failed or restricted member banks, owing us nearly \$17,000,000. Against this indebtedness we hold, as part collateral, about \$28,000,000 of commercial paper. This involves numerous and protracted conferences, not only with the receivers or conservators of these banks, but with individual debtors, in reference to settlements and compromises. Decisions upon the questions raised in these settlements necessitate careful and laborious study of both business and legal considerations, and require the exercise of the best judgment. It will probably take several years to clear these matters up.

"We have numerous questions arising in connection with the Deposit Insurance plan, and other features of the new Banking Act. We are likely to have numerous applications for membership. Both of these involve protracted conferences and extended correspondence. Other activities now under discussion are liable to be imposed upon the Federal Reserve Banks.

"We deem it impossible for any two men to devote to these new and unusual problems the time and thought that they entail, and, at the same time, to give the necessary supervision and oversight to the ordinary operations of this bank.

"We therefore recommend that there should be two additional Deputy Governors. One of these two places should be filled by the election of an outside man, qualified by legal and banking experience to handle compromises and settlements, and to assume such additional duties as may be delegated to him. We suggest \$15,000 as the appropriate salary. The other should be filled by the promotion of the present Cashier, in recognition of his sixteen years of faithful and efficient service in this bank. With this promotion should come an increase in his salary from \$12,000 to \$13,200. He will retain also his present titles of Cashier and Secretary of the Board.

"We recommend further that two Assistant Deputy Governors be created, these positions to be filled by W. J. Davis (now an Assistant Cashier) and L. R. Donaldson, now head of the Bank Relations Department, and having the present nominal title of 'Assistant to the Governor'. With these promotions should come increases in Mr. Davis' salary from \$9,000 to \$10,000, and in Mr. Donaldson's from \$4,200 to \$5,000.

"We recommend further that G. K. Morris, now head of the Credit Department, be made an Assistant Cashier, with additional duties assigned him, and an increase in salary from \$3,780 to \$5,000.

"We believe that these increases in the force of officers are necessary to the efficient functioning of the bank, and that the increases in salaries are justified and reasonable.

Joseph Wayne, Jr.
C. Frederick C. Stout
G. W. Reily"

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Governor Norris stated that the matter of the selection of a deputy governor from outside the present official personnel of the bank had been under consideration by the officers and directors of the bank for several months; that the position had been offered to Mr. John S. Sinclair, who, as one of the members of the legal firm of Williams, Brittain & Sinclair, had been doing the legal work of the bank; that Mr. Sinclair had stated he would accept the position and would be able to enter the employ of the Federal reserve bank not later than January 1, 1934; and that the legal work of the bank would be handled by another member of the same firm. Governor Norris also stated that he had come to Washington to present this particular matter to the Board for the reason that Mr. Sinclair is not accepting any additional legal work which would require his personal attention, in order that he may be in a position to sever his connection with the firm, and that it is felt at the Federal reserve bank that there should be a prompt decision by the Board on the question whether it will approve the salary proposed for Mr. Sinclair. Governor Norris stated, as another reason for his belief that a decision in the matter should be reached as soon as possible, that Deputy Governor Hutt is faced with the necessity of undergoing a major operation in the near future which will entail an absence from the Federal reserve bank of between two and three months. He also said that it would be entirely satisfactory to the board of directors of the Philadelphia bank if the Board should decide to defer action on the other salary changes recommended in the committee report until the general question of salaries of

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officers of Federal reserve banks is considered after the first of the year.

Governor Norris then referred to the hearing to be held before the Board on Tuesday, December 12, 1933, with regard to the proposed reorganization of the Equitable Trust Company and the Guarantee Trust Company, member banks in Atlantic City, New Jersey, and he suggested that the Board give the report submitted by Mr. Austin with regard thereto very careful consideration before it reaches a final decision in the matter, for the reason that reorganization of the banks under any other plan will not be possible and, if they are forced to liquidate, heavy loss to the depositors, the Reconstruction Finance Corporation, and the Federal reserve bank will result. After a brief discussion of this matter, Governor Norris left the meeting.

Mr. Miller moved that the report of the committee of directors of the Federal Reserve Bank of Philadelphia be referred to the Committee on Salaries and Expenditures for recommendation to the Board.

Carried.

The Board then considered and acted upon the following matters:

Letter dated December 8, 1933, (apparently intended to be dated December 7, 1933), from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegrams dated December 7, 1933, from Mr. Hoxton, Chairman of the Federal Reserve Bank of Richmond, Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Newton, Chairman of the Federal Reserve Bank of San Francisco, all advising that, at meetings of the boards of directors on December 7 no changes

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were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Telegraphic reply to a telegram dated December 7, 1933, from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, the reply reading as follows:

"Your telegram. Federal Reserve Board approves for your bank rates of 4 1/2% per annum on advances to member banks under section 10(b) of Federal Reserve Act, as amended by Act of March 9, 1933, and 4 1/2% per annum on advances to nonmember banks and trust companies under section 404 of Act of March 9, 1933, as amended, effective December 9, 1933. Board also notes with approval that board of directors your bank at its meeting on December 7 made no change in the discount rate of your bank covering discounts for member banks and advances to member banks under sections 13 and 13(a) of Federal Reserve Act."

Approved.

Telegram dated December 6, 1933, to Mr. Williams, Federal Reserve Agent at Cleveland, approved by six members of the Board, reading as follows:

"Your letter November 6 and telegram November 18. Board approves reappointment of W. H. Fletcher, J. B. Anderson, and Howard Evans as Assistant Federal Reserve Agents at your bank for 1934, and the temporary reappointment of W. H. Nolte and R. G. Johnson as Acting Assistant Federal Reserve Agents at your Pittsburgh and Cincinnati branches, respectively."

Approved.

Telegram dated December 6, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by four members of the Board, reading as follows:

"Mr. Young's letter December first. Board approves temporary appointment H. W. Sadler as Examiner in Federal Reserve Agent's

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"department your bank at salary rate of \$3,200 per annum effective October 2, 1933."

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated November 20 from Mr. Peyton, Federal Reserve Agent at Minneapolis; the reply reading as follows:

"In reviewing the changes in the personnel classification plan as shown on the revised pages of Form A inclosed with your letter of November 20, it is noted that a number of positions are assigned a 'fixed' or 'present salary' grade. It has been the general practice to provide salary ranges for all positions except a limited number where it was felt all changes in the salaries of the incumbents should be submitted to the Federal Reserve Board for approval before they become effective the same as are changes in the salaries of officers of the Federal reserve banks. It would seem that ranges within which you have the authority to adjust salaries prior to the approval of the Federal Reserve Board might well be provided for Examiners, Assistant Examiners, Assistant Statisticians, Field Men and the Private Secretary to the Federal Reserve Agent.

"The Board would appreciate your views on this subject after you have had an opportunity of reviewing the matter and, in the meantime, action will be deferred on the changes recommended in your letter of November 20.

"The revised Form A pages inclosed with your letter were not numbered. In order to insure that the personnel classification plan on file with the Board will at all times be in exact agreement with that at the bank it has been found helpful to assign numbers to each page of the plan and accordingly, it will be appreciated if you will advise us of the numbers to be assigned to each Form A page inclosed with your letter of November 20."

Approved.

Telegram to Mr. Newton, Federal Reserve Agent at San Francisco, prepared by the Committee on District No. 12 in accordance with the action taken at the meeting of the Board on December 6, 1933, reading as follows:

"Governor Black brought your wire December 4 to attention of Board STOP While your wire does not expressly so state it is

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"inferred that your request is due to condition of your health and therefore Board approves leave of absence for ninety days in accordance with your request STOP Board also approves appointment of Wm. A. Day as acting assistant Federal reserve agent at head office during your absence upon condition, in accordance with established policy of Board, that before temporary appointment becomes effective Mr. Day resign and his resignation be accepted as deputy governor of bank and that he be transferred to pay roll of Federal reserve agent STOP Before entering upon his new duties Mr. Day should execute usual form of oath of office and surety bond in amount of \$100,000, which before being sent to Board for approval should be examined by your counsel to determine whether execution complies fully with rules printed on reverse side of form of bond 182."

In connection with the above, there was also presented the following telegram to Mr. Calkins, Governor of the Federal Reserve Bank of San Francisco:

"Board has received telegram from Mr. Newton, Los Angeles, requesting leave of absence for ninety days and approval by Board of appointment of Wm. A. Day as acting assistant Federal reserve agent during Mr. Newton's absence in order that heavy pressure of activities may be promptly handled. Board proposes to advise Mr. Newton that it is willing to approve temporary appointment of Mr. Day as acting assistant Federal reserve agent on condition, in accordance with established policy of Board, that before temporary appointment becomes effective, Mr. Day resign and his resignation be accepted as deputy governor of bank and that he be transferred to pay roll of Federal reserve agent. It will be appreciated if you will advise by telegraph if proposed resignation of Mr. Day meets your approval and approval of Mr. Day."

Both telegrams were approved with the understanding that the telegram to Mr. Newton would not be sent until advice is received from Governor Calkins advising that the resignation of Mr. Day meets the approval of Governor Calkins and Mr. Day.

Reply on December 6, 1933, approved by six members of the Board, to a letter dated December 2 from Mr. Norris, Governor of the Federal Reserve Bank of Philadelphia; the reply reading as follows:

"Your letter of December 2 in reply to mine of December 1 in regard to the Beneficial Saving Fund Society has been brought to

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"the attention of the Board and the additional information which you have given in regard to the character of the operations of the fund has been noted. However, it seems to the Board that this information does not afford a sufficient basis for altering its previous opinion and it will appreciate being advised of the results of your further consideration of the matter."

Approved.

Letters dated December 6, 1933, approved by six 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 appropriate amount of stock in the Federal reserve bank of the district in which the applicant is located:

<u>Applicant Bank</u>	<u>Federal Reserve Bank</u>
"Bank of Elizabethtown", Elizabethtown, North Carolina.	Richmond
"Kane County Bank and Trust Co.", Elburn, Illinois.	Chicago
"Monterey Bank", Monterey, California.	San Francisco

Approved.

Letter dated December 7, 1933, to the board of directors of "The First-Mason Bank", Mason, Ohio, approved by five 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 appropriate amount of stock in the Federal Reserve Bank of Cleveland.

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated November 28 from Mr. Young, Assistant Federal

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Reserve Agent at Chicago; the reply reading as follows:

"Your letter of November 28, 1933, in regard to the application of the Banco di Napoli Trust Company, Chicago, Illinois, for membership in the Federal reserve system has been brought to the attention of the Federal Reserve Board. Your letter does not disclose any reason which in the opinion of the Federal Reserve Board would justify it in modifying the position previously taken with respect to this application.

"The question whether it might be converted into a national institution is one for consideration, as you have suggested, by the Comptroller of the Currency."

Approved.

Telegram dated December 6, 1933, to Mr. Curtiss, Federal Reserve Agent at Boston, approved by six members of the Board, referring to the application of the "Rhode Island Hospital Trust Company", Providence, Rhode Island, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months' notice of intention to withdraw and that, accordingly, upon surrender of the Federal reserve bank stock issued to the trust company, the Federal Reserve Bank of Boston is authorized to cancel such stock and make a refund thereon.

Approved.

Letter dated December 7, 1933, to the Federal reserve agents at all Federal reserve banks, approved by five members of the Board, reading as follows:

"Under the provisions of subsection (e) of Section 12B of the Federal Reserve Act, every State member bank must become a class A stockholder of the Federal Deposit Insurance Corporation on or before July 1, 1934, or its membership in the Federal Reserve System must be terminated. Upon receipt by the Federal Deposit Insurance Corporation of an application by a State member bank for class A stock in the Corporation, the Federal Reserve Board will be required under the law 'to certify upon the basis of a

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"thorough examination of such bank whether or not the assets of the applying bank are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank."

"This is called to your attention at this time in order that you may make arrangements to have current examinations made of all of the State member banks in your district on the basis of which the Board may discharge the duties imposed by law. A copy of the report of each such examination together with an analysis thereof and your recommendation as to the action to be taken should then be forwarded to the Board as soon as possible in order that the Board may have adequate opportunity to consider each case and to execute prior to July 1, 1934, an appropriate certificate with respect to each State member bank.

"In view of the importance of this matter and the limited time in which the work must be accomplished, it will be appreciated if you will advise the Board as to your plans in this respect."

Approved.

Letter dated December 7, 1933, to Mr. Stevens, Federal Reserve Agent at Chicago, approved by six members of the Board, reading as follows:

"Reference is made to the transaction which resulted from a trust agreement effective as of June 13, 1933, whereby the 'Fort Madison Savings Bank', Fort Madison, Iowa, acquired a portion of certain certificates described in such trust agreement.

"The Board has reviewed the information submitted with Mr. Young's letter dated September 27, 1933, from which it appears that the transaction has resulted in no material change in the general character of the assets of, or broadening of the scope of functions exercised by, the member institution within the meaning of the general condition under which it was admitted to membership in the Federal Reserve System. It is noted, however, that Counsel for the Federal Reserve Bank of Chicago has suggested that your bank obtain certified statements from the Fort Madison Savings Bank and the State Banking Department to the effect that section 46, item 4 of the trust agreement has been properly complied with. In order that the files of the Board may be complete, will you advise if such statements have been received and found to contain the desired information. In the event that the provisions of the section in question have been carried out in proper manner, the Board will take no action affecting the membership of the Fort Madison Savings Bank in the Federal Reserve System by reason of the transaction."

Approved.

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Reply on December 7, 1933, approved by six members of the Board, to a letter dated September 27 from Mr. McClure, Federal Reserve Agent at Kansas City; the reply reading as follows:

"Receipt is acknowledged of your letter of September 27, 1933, in which you requested advice as to whether the Colorado State Bank, Denver, Colorado, may be considered as located in an 'outlying district' of the City of Denver and accordingly may be eligible for admission to membership in the Federal Reserve System with a capital stock of \$100,000.

"It is understood that the Colorado State Bank is located at the eastern edge of that section of the City of Denver which is generally considered the business center of the city and which is built up solidly with business buildings, hotels, office buildings, etc., and that the bank is about six blocks from the nearest large downtown bank. You have advised that the location of the Colorado State Bank is approximately three miles from the city limits on the west, four and one-half miles from such limits on the east and five and one-half miles from such limits on the south. While it is not definitely stated, it is understood from your letter that you and the counsel for the Federal Reserve Bank of Kansas City are of the opinion that the Colorado State Bank may not be classified as located in an 'outlying district' of the City of Denver.

"Under the provisions of Section 9 of the Federal Reserve Act, as you know, a State bank located in an 'outlying district' of a city with a population exceeding 50,000 inhabitants may be admitted to membership in the Federal Reserve System with a capital stock of \$100,000 provided the State law permits the organization of State banks in such location with a capital stock of \$100,000 or less, and in its Regulation H the Board has defined the term 'outlying district' to mean 'that portion of a city which is located outside of, and at a considerable distance from, the recognized business and financial center of such city, and includes all suburban districts within the corporate limits of such city'. However, in view of the circumstances involved in the present case the Board is of the opinion that the Colorado State Bank may not properly be considered as located in an 'outlying district' of the City of Denver within the meaning of that term as used in the provisions of law applicable to the admission of State banks to membership in the Federal Reserve System."

Approved.

Letter dated December 7, 1933, to the "Miners National Bank of Wilkes-Barre", Wilkes-Barre, Pennsylvania, approved by six members

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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 Pennsylvania, the exercise of all such rights being subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

"You are requested to have your board of directors adopt a resolution ratifying your application for permission to exercise trust powers, and it is requested that a certified copy of the resolution so adopted be forwarded to the Federal Reserve Board for its records as soon as possible. When a copy of such resolution has been received by the Board, a formal certificate covering your authority to exercise trust powers will be sent to you."

Approved, together with a letter dated December 7, 1933, to Mr. O'Connor, Comptroller of the Currency, also approved by six members of the Board, reading as follows:

"There is inclosed for your information a copy of a letter to the 'Miners National Bank of Wilkes-Barre', Wilkes-Barre, Pennsylvania, advising of approval by the Federal Reserve Board of the bank's application for permission to exercise fiduciary powers, under the provisions of Section 11(k) of the Federal Reserve Act.

"In reviewing the report of examination of the Miners Bank of Wilkes-Barre, made by a national bank examiner as of June 3, 1933, it has been noted that the examiner states the 'trust department is weak in executive ability'. While the report of examination of the trust department indicates that the department has been well managed it would seem desirable, especially in view of the large volume of trust business handled, that a capable executive should be employed as chief trust officer. It is also noted that among others, Vice President Gamble, who it is understood has direct charge of the trust department, owes the bank \$12,700, of which \$5,000 is classed as slow and \$7,700 as doubtful, and that Trust Officer Driesback owes the bank \$10,800, of which \$6,600 is classed as slow and \$4,200 as a loss. The undesirability of any employee being indebted to the bank in an amount apparently beyond his ability to pay is obvious, and is regarded as particularly criticizable in the case of those holding positions of trust. It is assumed, however, that you have these criticisms in mind and that you will require that corrections be effected as soon as it is feasible to do so."

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Letter dated December 7, 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 Keene National Bank', Keene, New Hampshire, from \$200,000 to \$100,000, pursuant to a plan 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, together with at least \$29,273 from the bank's surplus and undivided profits, shall be used to eliminate estimated losses as classified in the report of examination as of October 2, 1933, all as set forth in your memorandum of December 2, 1933."

Approved.

Letter dated December 6, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by four 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 National Bank of America', Paterson, New Jersey, from \$500,000 to \$200,000, pursuant to a plan of rehabilitation which provides for a surrender of the present capital stock, the resale of \$200,000 par value of such surrendered stock at a premium of \$50,000, and a waiver by creditors of 30 per cent of their net unsecured claims, and the elimination of approximately \$1,180,000 of unacceptable assets, all as set forth in your memorandum of July 13, 1933, and the plan of reorganization dated July 10, 1933.

"In its letter of October 26, 1933, the Board discussed its reasons for disapproving at that time the reduction in the capital stock of the above named bank. Subsequent to that date, however, the bank submitted a memorandum answering the criticisms set forth in the Board's letter of October 26, 1933, and the matter has been reconsidered. The Board has also been informed of a proposal agreed to by representatives of the subject bank, and representatives of the closed Labor National Bank of Paterson under the terms of which the National Bank of America will purchase assets aggregating approximately \$1,500,000 and assume a corresponding amount of liabilities of the closed Labor National Bank. The deposit liability to be assumed by the National Bank of America under such proposal represents the secured deposits and 50 per

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"cent of the unsecured deposits of the Labor National Bank and the subject bank will receive cash, U. S. bonds, and securities of the higher grades at market value for the liabilities assumed. It would seem that the consummation of the plan would increase the liquid position of the subject bank and provide it with a substantial increase in the deposits, the retention of which would materially increase its earning ability. It is also noted that the above proposal contemplates the sale at par of \$200,000 par value preferred stock to the Reconstruction Finance Corporation, or such other amount as you may require.

"In this connection, it is understood that the selection of officers who will conduct the management of the bank will be subject to your approval."

Approved.

Letter dated December 6, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five 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 East Tennessee National Bank of Knoxville', Knoxville, Tennessee, from \$2,000,000 to \$1,000,000, as a part of a plan of reorganization which also provides for the waiver by creditors of all claims against the bank, and for the elimination of substantially all of the criticised assets, all as set forth in your memorandum of November 8, 1933, Mr. Awalt's memorandum of November 25, 1933, and the plan of reorganization dated March 10, 1933, as amended."

Approved.

Letter dated December 7, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five 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 Webb', Webb, Iowa, from \$50,000 to \$35,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$15,000 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 a corresponding

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"amount of substandard assets and depreciation, all as set forth in the memorandum of Acting Comptroller Awalt of November 29, 1933."

Approved.

Letter dated December 7, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five 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 Watervliet', Watervliet, Michigan, from \$50,000 to \$25,000, pursuant to a plan 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, together with the bank's surplus and a portion of the undivided profits, and funds in the amount of \$22,300 to be contributed by the present shareholders, shall be used to eliminate, if the bank has not already done so, substandard assets in the amount of approximately \$65,000, all as set forth in Mr. Awalt's memorandum of November 22, 1933."

Approved.

Letter dated December 7, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five 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 in Mankato', Mankato, Kansas, from \$50,000 to \$25,000, pursuant to a plan 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 a corresponding amount of substandard assets and depreciation, all as set forth in the memorandum of Mr. Awalt of November 23, 1933."

Approved.

Letter dated December 7, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by six members of the Board, reading as

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follows:

"In accordance with Acting Comptroller Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Union Stock Yards National Bank', Wichita, Kansas, from \$100,000 to \$50,000, pursuant to a plan 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 unsatisfactory assets in the amount of approximately \$32,600, the balance of approximately \$17,400 to be credited to surplus and undivided profits accounts, all as set forth in Mr. Awalt's memorandum of November 20, 1933."

Approved.

Letter dated December 7, 1933, to Mr. O'Connor, Comptroller of the Currency, approved by five members of the Board, reading as follows:

"Receipt is acknowledged of Acting Comptroller Awalt's letter dated November 25, 1933, with reference to the Board's letter of November 3, 1933, approving a proposed reduction in the common capital stock of 'The Alamo National Bank of San Antonio', San Antonio, Texas.

"Mr. Awalt's letter quotes Section 7 of Article Fifth of the proposed amendments to the Articles of Association as submitted by the Reconstruction Finance Corporation and requests advice as to whether the provisions of this section will meet the requirements of the Board's condition numbered 3 as set forth in its letter of November 3, 1933.

"The proposed amendment to the Articles of Association appears to comply substantially with the above mentioned condition in the Board's letter and may be regarded as meeting its requirements, it being understood, of course, that any reduction in the bank's common capital stock will require the approval of the Board."

Approved.

Letter dated December 7, 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

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"Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Mountain View', Mountain View, California, from \$100,000 to \$25,000 pursuant to a plan 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 \$75,000 of funds released by the reduction in common capital stock and \$7,177.42 of funds from the undivided profits and surplus accounts shall be used to eliminate substandard assets in the amount of \$82,177.42 all as set forth in Mr. Awalt's memorandum of November 20, 1933."

Approved.

Letter dated December 6, 1933, to "The Hartford-Connecticut Company", Hartford, Connecticut, approved by four members of the Board, reading as follows:

"The Board has considered your application, dated October 6, 1933, for a voting permit under authority of Section 5144 of the Revised Statutes, as amended, entitling you to vote the stock which you own or control of the following banks:

The First National Bank, Meriden, Connecticut.

The First National Bank, Middletown, Connecticut.

The First National Bank, Stafford Springs, Connecticut.

The Rockville National Bank, Rockville, Connecticut.

"The Board understands that you agree that the permit may be limited to the sole purpose of entitling you to vote such stock in order to consummate a proposed plan of reorganization involving the aforesaid banks, The Hartford-Connecticut Trust Company (hereinafter called the 'Trust Company') and your own corporation (hereinafter called the 'Company'), which plan is substantially as follows:

"1. The Company will purchase the 12,000 shares of its stock which are held by the Trust Company and which constitute all of the outstanding shares of the capital stock of the Company ordinarily entitled to vote.

"2. The holders of at least two-thirds of the outstanding shares of capital stock of The Rockville National Bank will authorize the liquidation of that bank, subject to the approval of the Comptroller of the Currency, and the bank will resume its charter as a State bank under the laws of Connecticut (such State bank being hereinafter referred to as 'The Rockville Bank'). An application requesting the approval of the Comptroller of the Currency has been filed.

"3. Pursuant to the vote of the holders of at least two-thirds of the outstanding shares of its capital stock and at a

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"time at which it will own all or substantially all of the outstanding shares of the capital stock of The Rockville Bank, the Company will voluntarily transfer to The Rockville Bank all of the assets of the Company except the stock of The Rockville Bank itself and the stock of The Wethersfield Bank and Trust Company. The Rockville Bank will thus acquire the shares of stock owned by the Company of its three remaining subsidiary national banks and the Company's holdings of miscellaneous securities.

"4. The Rockville Bank and The Wethersfield Bank and Trust Company will merge with and into the Trust Company under the present name of the Trust Company. The Company will surrender its stock in The Rockville Bank and The Wethersfield Bank and Trust Company in exchange for stock of the Trust Company as thus constituted. The Rockville and Wethersfield banks will thereafter be operated as branches of the Trust Company.

"5. After the merger, the Trust Company will take over the national banks at Meriden, Middletown and Stafford Springs by the purchase of assets and assumption of liabilities and will thereafter operate branches in or near the places where the national banks are now situated. The national banks will be placed in voluntary liquidation pursuant to the vote of their respective stockholders.

"6. The Company will distribute to its stockholders its stock of the Trust Company and, pursuant to the vote of the holders of at least three-fourths of the outstanding shares of its capital stock, the Company will then be dissolved and its corporate existence terminated.

"7. In effecting the plan of reorganization there will be no distribution of assets of any kind to the stockholders of any company except the distribution to the stockholders of the Company of the stock of the Trust Company owned by the Company at the time of dissolution.

"8. The price at which the voting stock of the Company will be repurchased from the Trust Company by the Company, the ratio upon which stock is to be exchanged under the plan, and the value to be placed upon assets purchased under the plan are to be determined by an audit by independent auditors which will be made at approximately the time at which the plan is to be put into effect.

"9. The holders of that class of stock of the Company which ordinarily does not enjoy voting privileges will be entitled to cast one vote on each share of such stock upon the question of the participation of the Company in the foregoing plan.

"The Board approves your application as filed and authorizes the issue to you of a voting permit for the limited purpose aforesaid, which limited permit is inclosed herewith.

"It should be understood that in granting this limited permit the Board is not passing upon the application for membership

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"heretofore submitted by the Trust Company and is not indicating that its approval of that application will be forthcoming if and when the proposed reorganization is effected. In the event that the Trust Company desires to have its application considered after the consummation of the plan, it should supplement the application with such additional data as is necessary in order that the application may correctly reflect the status of the Trust Company as then constituted."

Approved, together with a similar letter dated December 6, 1933, to "The Hartford-Connecticut Trust Company", Hartford, Connecticut, also approved by four members of the Board, advising of approval of its application for a voting permit entitling it to vote the stock which it owns or controls in The First National Bank, Meriden, Connecticut, The First National Bank, Stamford, Connecticut, The First National Bank, Middletown, Connecticut, and The Rockville National Bank, Rockville, Connecticut.

Reply on December 7, 1933, approved by six members of the Board, to letters dated October 13 and 18 from Mr. Charles W. Collins, attorney, Washington, D. C.; the reply reading as follows:

"Reference is made to your letters of October 13 and October 18, 1933, in which you inquire whether a national bank may adopt a form of certificate of deposit which will mature at the end of six or twelve months and which will give the holder the right to reduce the term of the certificate to an earlier maturity upon giving 30 days' notice, in which event the certificate would be paid on such earlier date but without interest.

"The Board does not look with favor upon the use of certificates of deposit of this character. However, since it appears that, under the terms of the certificate itself the deposit cannot be withdrawn until after thirty days from the date of the deposit, the Board is of the opinion that it must be regarded as a time certificate of deposit within the meaning of Section 19 of the Federal Reserve Act and within the meaning of Regulation Q. While it may be withdrawn at any time upon the expiration of thirty days' written notice actually given by the depositor, it would appear that, if such notice is not given, the deposit could not be withdrawn except upon the expiration of six months from the date of the certificate or upon the expiration of twelve months from the date of the certificate; so that it must be regarded either as a deposit payable only after thirty days' written notice or as a deposit payable at the expiration of a certain specified

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"time, which is not less than thirty days subsequent to the date of the certificate."

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated September 22 from Mr. E. J. McAuley, Vice President of the First National Bank, Mobile, Alabama; the reply reading as follows:

"I regret that, due to the urgency of other matters arising in connection with the Banking Act of 1933, it has not been possible for the Board to give earlier consideration to the question presented in your letter of September 22, 1933, in which you inquire whether the payment of the premium on a bond securing deposits in your bank is in violation of the provisions of Section 19 of the Federal Reserve Act which forbids a member bank to pay interest directly or indirectly by any device whatsoever on any deposit payable on demand.

"You state that your bank pays the premium on a bond for \$300,000 securing deposits of the City of Mobile and that the premium so paid is a fixed amount per year and does not vary with the amount on deposit in the bank. The Board understands from your statement that the premium paid provides security in the maximum amount of \$300,000 but is not fixed in relation to the amount of the deposit; that the bond is ordinarily renewed from year to year at the same premium; that there is no adjustment of the premium at the end of the year or a change in the amount thereof for the next year because of any change in the amount of the deposit; and that the amount of the premium is not otherwise related to the amount of the deposit. If this is a correct understanding of the facts, it is the view of the Board that the payment of the premium by your bank does not constitute the payment of interest within the meaning of Section 19 of the Federal Reserve Act and, accordingly, is not prohibited by that section."

Approved.

Reply on December 6, 1933, approved by five members of the Board, to a letter dated September 14 from Messrs. Jones, Johnston, Russell & Sparks, attorneys, Macon, Georgia; the reply reading as follows:

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"This refers to your letter of September 14, 1933, inquiring as to the legality of the practice of the member banks of the Macon Clearing House in charging exchange on out of town checks in view of the provision of Section 19 of the Federal Reserve Act that no member bank shall, directly or indirectly by any device whatsoever, pay any interest on any deposit which is payable on demand. A reply to your letter has been delayed pending consideration of certain related questions with regard to the absorption of exchange, collection and other charges by member banks; and in this connection you will find inclosed herewith a copy of a letter dated November 24, 1933, addressed to the Federal Reserve Board by the Chairman of the Banking Code Committee of the American Bankers Association and a copy of the Board's reply thereto dated November 28, 1933, in regard to the question whether member banks may take into consideration the reasonable value of their customers' deposit balances in analyzing accounts in accordance with a uniform plan to be approved by the Banking Code Committee for the purpose of determining whether service charges should be assessed against their customers.

"It appears from your letter that under a rule of the Macon Clearing House its member banks charge exchange on out of town checks with certain exceptions, one of which is that out of town customers who carry an average daily balance of \$1,000 are not required to pay such exchange charges. There is no limit on the number of items to be handled without charging exchange in such cases although you state that a situation might arise where the number of items could be so large that the account would be found unprofitable.

"In view of the fact that the Macon Clearing House rule on this subject is subject to certain exceptions not stated in your letter and that the practice of absorbing exchange charges in cases in which the balance maintained is at least \$1,000 would apparently not be followed if the account should be found unprofitable, the Board does not feel that it is sufficiently informed with respect to the actual practice of the banks to advise you definitely whether the absorption of exchange charges in the circumstances does or does not constitute an indirect payment of interest within the meaning of Section 19 of the Federal Reserve Act. Moreover, in connection with your reference to the fact that Regulation Q does not deal with this matter, it may be stated that the Board feels that it would not be possible to prescribe a general rule by reference to which it could be determined definitely under the circumstances of every case whether the absorption of exchange charges by a member bank is lawful or unlawful.

"Without regard, however, to the technical question whether any particular practice of member banks in this respect is legal, it may be observed that the prohibition of the statute upon the payment of interest on deposits payable on demand affords member

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"banks an opportunity to reduce one of their largest items of expense, and it would appear to be in their own interests to take such action as may be necessary to comply with the spirit as well as the letter of the law on this subject. In this connection it will be noted that the letter addressed to the Federal Reserve Board by the Chairman of the Banking Code Committee of the American Bankers Association inquires as to whether the practice there-mentioned is legal provided 'That (1) the value of each account to the bank is computed in accordance with a uniform plan approved by the Banking Code Committee and (2) the banks require actual reimbursement (without deduction of interest or of the estimated value of the customers' balances to the banks) for exchange charges, collection charges, and other charges arising out of specific transactions for specific customers and actually paid or credited by the bank on behalf of such customers.' It would appear, therefore, that it is contemplated that a uniform plan is to be adopted with the approval of the Banking Code Committee which will include certain provisions with respect to the reimbursement of banks for exchange and collection charges."

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated October 10 from Mr. Peyton, Federal Reserve Agent at Minneapolis; the reply reading as follows:

"This refers to your letter of October 10, 1933, inclosing a form of certificate of deposit used by the Pierre National Bank, Pierre, South Dakota, together with an opinion of counsel for your bank on the question whether such certificate of deposit is in conformity with the Board's Regulation Q. It is observed that the certificate provides for the payment of interest at the rate of 2% per annum if left six or twelve months and that it may be paid without interest '(before six months) on at least 30 days' written notice'.

"The Board does not look with favor upon the use of certificates of deposit of this character. However, since it appears that, under the terms of the certificate itself the deposit cannot be withdrawn until after thirty days from the date of the deposit, the Board is of the opinion that it must be regarded as a time certificate of deposit within the meaning of Section 19 of the Federal Reserve Act and within the meaning of Regulation Q. While it may be withdrawn at any time upon the expiration of thirty days' written notice actually given by the depositor, it would appear that, if such notice is not given, the deposit could not be withdrawn except upon the expiration of six months from the date of the certificate or upon the expiration of twelve months from

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"the date of the certificate; so that it must be regarded either as a deposit payable only after thirty days' written notice or as a deposit payable at the expiration of a certain specified time, which is not less than thirty days subsequent to the date of the certificate."

Approved.

Telegraphic reply on December 6, 1933, approved by four members of the Board, to a letter dated December 1 from Mr. Albert C. Agnew, counsel for the Federal Reserve Bank of San Francisco; the reply reading as follows:

"Consideration has been given to correspondence between Oregon Bankers' Association, First Security Corporation, Ogden, Utah, Counsel for United States National Bank, Portland, Oregon, and others, regarding payment of interest by member banks at a rate in excess of 3 per cent per annum, which was inclosed with your letter of December first. Section 19 of Federal Reserve Act was amended by Banking Act of 1933 so as specifically to require Board to limit by regulation the rate of interest which may be paid by member banks on time deposits. Banking Act of 1933 was enacted June 16, 1933, and it follows as matter of law that rate of interest which may be paid by a member bank on a time deposit under the terms of any certificate or contract issued or entered into after that date may not exceed rate as limited by Board from time to time pursuant to the statute. Board in its Regulation Q has limited rate which may be paid by a member bank on a time deposit for any period subsequent to October 31, 1933, to three per cent per annum compounded semiannually and, accordingly, no member bank may pay interest accruing after the latter date on a time deposit, at a rate in excess of that prescribed in Regulation Q, under terms of any certificate or contract entered into after June 16, 1933, even though such certificate or contract may provide for payment of interest at rate in excess of that stated. Paragraph two of subsection (c) of Section III of Regulation Q by its terms applies only to certificates or contracts entered into before June 16, 1933. Your attention is also invited in this connection to X-7676, dated November 10, 1933. If you deem it advisable, you may advise Secretary Oregon Bankers Association in accordance with views expressed in this telegram or send him copy of same."

Approved.

Letter dated December 7, 1933, to Mr. Newton, Federal Reserve

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

"This refers to Mr. Sargent's letter of November 6, 1933, with inclosures, in respect to the question whether a member bank may lawfully pay interest on deposits of public funds of the State of Oregon which are payable on demand, and whether the law of the State of Oregon requires the payment of interest on deposits of public funds made by or on behalf of the State or of any of the subdivisions thereof within the meaning of Section 19 of the Federal Reserve Act.

"The opinion of the Attorney General of the State of Oregon and the opinion of counsel for your bank on this subject have been considered, and upon the basis of the information submitted and of the statutes referred to in those opinions, the conclusions of your counsel on the questions presented appear to be proper. In the circumstances, it will be appreciated if you will reply to the inquiry made by T. P. Cramer, Jr., Secretary of the Oregon Bankers Association, in accordance with the views expressed by counsel for your bank. A copy of Mr. Cramer's letter to the Board is inclosed herewith, together with a copy of the Board's letter in reply thereto."

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated November 24 from Mr. Curtiss, Federal Reserve Agent at Boston; the reply reading as follows:

"Receipt is acknowledged of your letter of November 24, 1933, asking whether Mr. Phillips Ketchum should obtain a permit from the Board, pursuant to the provisions of the Clayton Act, to serve as a director of the New England Trust Company of Boston, Massachusetts, and as counsel to your bank.

"You point out that Mr. Ketchum is a member of the firm of Herrick, Smith, Donald and Farley, which is engaged in the general practice of the law, that Mr. Ketchum is not paid a salary by your bank but is compensated through retainer and compensation for services in excess of the retainer, that he has no duties connected with the bank except as counsel, that he renders service to the bank only when consulted, and that his office is not in the bank.

"Under the circumstances, it appears that your conclusion is correct and that Mr. Ketchum should not be regarded as a 'director, officer, or employee' of the Federal Reserve Bank of Boston, with the result that no permit is required under the Clayton Act covering the services referred to above."

Approved.

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Letter dated December 6, 1933, approved by five members of the Board, to Mr. F. E. Felt, Vice President of The First National Bank, Jamestown, New York, reading as follows:

"Further reference is made to your letter of November 2, 1933, regarding the service of Mr. Henry K. Smith as a director of the Bank of Jamestown and as a director of your bank. You asked whether a new permit would be required authorizing Mr. Smith to serve these banks.

"In view of the fact that Mr. Smith has already received a permit to serve at the same time as a director of your bank and as a director of the Farmers & Mechanics Bank of Jamestown, and in view of the fact that the latter bank was merged with the Bank of Jamestown under a statute whereby all the rights, privileges, and franchises of the former were vested by operation of law in the latter, and in view of the other circumstances of the case, no new permit will be required covering the services described in your letter."

Approved.

Reply on December 6, 1933, approved by five members of the Board, to a letter dated November 17 from Mr. Case, Federal Reserve Agent at New York; the reply reading as follows:

"Reference is made to your letter of November 17, 1933, transmitting a copy of a letter dated November 15, 1933, from Messrs. Root, Clark, Buckner and Ballantine asking whether their client, Bank of the Manhattan Company, a member bank, is to be regarded as a 'correspondent bank' of a certain dealer in securities within the meaning of Section 32 of the Banking Act of 1933, and of the Board's Regulation R.

"The letter from Messrs. Root, Clark, Buckner and Ballantine states that, among the other transactions which it has with the dealer, the Bank of the Manhattan Company extends credit accommodations to the dealer by purchasing high-grade municipal bonds from the dealer under ordinary repurchase agreements, such bonds having been acquired by the dealer with the approval of the bank, either by purchase on the market or, in the case of new issues, from the municipality which issues them. The dealer is to keep these bonds 'marked to the market' by making cash payments to the bank equal in amount to any decrease in the market value of the bonds so purchased. As part of its compensation for these services, the bank receives the interest on the bonds held under

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"the repurchase agreement, and a percentage of the dealer's net profit on a resale of the bonds by the dealer. The letter states that the bank is not liable for any losses in connection with such transactions and suggests that, under these circumstances, the transactions may be regarded as the performance of ordinary banking functions.

"It would seem, however, that these transactions involve more than the performance of ordinary banking functions on behalf of the dealer, that the bank is 'regularly associated with' the dealer in connection with the purchase and sale of such bonds and possibly in connection with the underwriting and flotation thereof, and that, therefore, the bank is a 'correspondent bank' within the definition of that term in the Board's Regulation R.

"Of course, as you know, Section 32 has reference only to business transacted after January 1, 1934, and no permit would be required if the bank should only perform ordinary banking functions for the dealer after that date.

"An extra copy of this letter is inclosed in case you desire to transmit it to Messrs. Root, Clark, Buckner and Ballantine."

Approved.

Reply on December 6, 1933, approved by five members of the Board, to a letter dated November 29 from Mr. Samuel A. Welldon, Vice-President of The First National Bank of the City of New York, New York; the reply reading as follows:

"Receipt is acknowledged of your letter of November 29, 1933, in which you ask whether Section 32 of the Banking Act of 1933 will be applicable to the service of certain officers and directors of your bank as officers and directors of The First Security Company, an affiliate of your bank, in view of the fact that The First Security Company was placed in dissolution on November 28, 1933.

"You state that, under the laws of the State of New York, no business of any kind, except liquidation of the assets held at the date of dissolution, payment of debts and expenses, and distribution of the remainder to the stockholders, may henceforth be conducted by the company.

"As is indicated by the footnote on page 1 of the Federal Reserve Board's Regulation R, Section 32 has reference only to the business presently transacted by the organization in question and not to the business which may have been transacted by it in the past. Although it is not entirely clear from your letter what transactions may be involved in a liquidation of the assets now held by the First Security Company, it would appear that, if

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"such liquidation involves merely the sale of these assets and does not involve the participation in any new business in connection with such liquidation, Section 32 would not be applicable to the service of the directors and officers referred to in your letter."

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated November 29 from Mr. Henry F. Freund, President of the Hudson-Harlem Valley Corporation, Mount Kisco, New York; the reply reading as follows:

"Receipt is acknowledged of your letter of November 29, 1933, in which you ask whether Section 32 of the Banking Act of 1933 is applicable to a director of a member bank of the Federal Reserve System who is also serving as a director of your corporation.

"You state that the sole business of your corporation is the holding for investment of the majority of the capital stock of a trust company in Westchester County, the majority of the capital stock of a title and mortgage company, and the majority of the capital stock of an investment company, and that your corporation is, therefore, only a holding company which holds the control of three operating companies.

"It does not appear that the phrase 'engaged primarily in the business of purchasing, selling, or negotiating securities' in Section 32 is applicable to a corporation whose sole business is that of a holding company. Accordingly, Section 32 would not be applicable to the service of a director of a member bank under the circumstances described above."

Approved.

Reply on December 7, 1933, approved by six members of the Board, to a letter dated October 4 from Mr. T. D. Webb, member of the Federal Home Loan Bank Board; the reply reading as follows:

"Reference is made to your letter of October 4, and my reply of October 6, in regard to your inquiry as to whether it would be permissible for the Home Owners' Loan Corporation to utilize the facilities of the Federal Reserve banks and their branches for the delivery of bonds issued by the Home Owners' Loan Corporation. The Board is in receipt of a letter from the Treasury

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"Department, dated November 6, 1933, stating that it sees no objection from the standpoint of the Treasury to the Federal Reserve banks acting as custodians for the bonds to be delivered to the state managers of the Home Owners' Loan Corporation upon telegraphic authority from the Federal Home Loan Bank Board.

"The Federal Reserve Board has no objection to the Federal Reserve Banks undertaking this service provided a satisfactory custodianship agreement can be arranged and the Federal Reserve banks are requested to perform this function as fiscal agents of the United States by the Secretary of the Treasury pursuant to the provisions of Section 15 of the Federal Reserve Act. It is assumed that you will take this matter up with the Treasury Department with a view to having such a request made of the Federal Reserve banks, and that a draft of a custodianship agreement will be prepared for submission to the Federal Reserve banks for their consideration.

"In accordance with your request, the cities in which the Federal Reserve banks or branches are located have been indicated on the statement inclosed with your letter and it is returned herewith.

"With reference to the last paragraph of your letter, while it will be expected that the Federal Reserve banks will be reimbursed for all expenses incurred by them on account of or arising out of services rendered in connection with the custodianship, it is impracticable at this time to make any estimate of the expenses as the cost of such a custodianship arrangement depends largely on the activity of the account."

Approved.

There was then presented a telegram dated December 8, 1933, from Mr. Young, Governor of the Federal Reserve Bank of Boston, stating that the bank contemplated purchasing from the Federal Reserve Bank of New York \$10,000,000 of bankers' acceptances with maturities up to ninety days, at a rate of 1/2 of 1%; that this action was being taken because the reserves of the New York bank were low and earnings high and the reserves of the Boston bank high and earnings low; and that it would be appreciated if the Board would advise promptly whether or not it would approve the transaction.

The Secretary was requested to advise Governor Young that the Board approves the proposed purchase.

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

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
The New Public National Bank of Rochester, Rochester, New Hampshire	84	84
<u>District No. 4.</u>		
Fredonia National Bank at Fredonia, Pennsylvania	36	
New Florence National Bank, New Florence, Pennsylvania	<u>36</u>	72
<u>District No. 5.</u>		
The First National Bank in Parkton, Maryland	36	
First National Bank in Onancock, Onancock, Virginia	<u>36</u>	72
<u>District No. 7.</u>		
First National Bank in Hawarden, Hawarden, Iowa	36	
National Bank of Rockwell City, Rockwell City, Iowa	36	
National Exchange Bank of Fond du Lac, Fond du Lac, Wisconsin	<u>285</u>	357
<u>District No. 10.</u>		
Commercial Bank of Liberty, Missouri	<u>72</u>	<u>72</u>
	<u>Total</u>	<u>657</u>

Approved.

Thereupon the meeting adjourned.

Robert Merrill
Secretary.

Approved:

E. R. Blay
Governor.