

A meeting of the Federal Reserve Board was held in Washington on Wednesday, December 20, 1933, at 2:30 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

The Board considered and acted upon the following matters:

Telegram dated December 20, 1933, from Mr. Wood, Chairman of the Federal Reserve Bank of St. Louis, advising that, at a meeting of the board of directors today, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Letters to the boards of directors of the following 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> |
|--|-----------------------------|
| "Union Trust Company", St. Petersburg, Florida. | Atlanta |
| "Blencoe State Bank", Blencoe, Iowa. | Chicago |
| "Farmers-Stockgrowers Bank", Glasgow, Montana. | Minneapolis |
| "State Bank of Springfield", Springfield, Minnesota. | Minneapolis |
| "Commercial Savings Bank of Sterling", Sterling, Colorado. | Kansas City |

Approved.

12/20/33

-2-

Reply on December 19, 1933, approved by six members of the Board, to telegrams dated December 14 and 16 from Mr. Peyton, Federal Reserve Agent at Minneapolis; the reply reading as follows:

"Receipt is acknowledged of your telegrams of December 14 and December 16 regarding the proposed changes in the capital structure of the 'Merchants Bank of Winona', Winona, Minnesota, and the request of the bank for a further extension of time within which it may accomplish its admission to membership.

"The Board amends condition numbered twenty prescribed at the time the application was approved to provide for the change in capital structure through the sale of capital notes or debentures. In view of the lapse of time since the date of examination on the basis of which the condition regarding charge off or elimination of assets was originally prescribed, condition numbered twenty has been further amended to provide for the charge off or elimination of losses and depreciation aggregating \$177,171.49 as originally prescribed, and any other known losses and depreciation in securities other than those in the four highest grades as classified by a recognized investment service organization.

"In the circumstances, and on the basis of your recommendation, the Board grants a further extension of time within which the Merchants Bank of Winona may accomplish its admission to membership, extending from December 20, 1933, to January 19, 1934, the time within which its admission may be completed.

"Inclosed are the original and two copies of a letter to the Merchants Bank of Winona advising the bank of the revision of condition numbered twenty prescribed by the Board in connection with its approval of the application, and you are requested to forward the letter to the Merchants Bank of Winona, retaining one copy for your files and forwarding the other to the Commissioner of Banks of the State of Minnesota for his information."

Approved.

Letter to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Citizens National Bank of Hope', Hope, Arkansas, from \$250,000 to \$125,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$75,000 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 \$100,000

12/20/33

-3-

"and to increase the surplus account by approximately \$25,000, all as set forth in your memorandum of December 7, 1933."

Approved.

Letter to Mr. O'Connor, Comptroller of the Currency, 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 David City', David City, Nebraska, from \$75,000 to \$37,500, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$37,500 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock, together with approximately \$2,446 from undivided profits, shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$39,946, all as set forth in your memorandum of December 5, 1933."

Approved.

Letter to the governors of all Federal reserve banks, reading as follows:

"The Federal Reserve Board concurs in the action taken by the Governors of the Federal Reserve banks at the conference held in Washington on October 10, 11 and 12, 1933, in voting that the use of Federal Reserve transfer drafts be abolished, and fixes January 1, 1934, as the effective date. The Board also concurs in the view expressed by the Governors that the use of Federal Reserve exchange drafts should be continued, with no change in form or procedure, pending further consideration at a future conference."

Approved.

Reply on December 19, 1933, approved by six members of the Board, to letters dated November 3 and 24 and December 4 and 13 from Mr. E. E. Anthony, Vice President and Cashier of The First Farmers and Merchants National Bank, Troy, Alabama; the reply reading as follows:

"This refers to your letter of November 3, 1933, to the Comptroller of the Currency, and to your letters of November 24, December 4, and December 13, 1933, to the Federal Reserve Board,

12/20/33

-4-

"in regard to the question whether Fox Henderson and Sons is a holding company affiliate of The First Farmers and Merchants National Bank, Troy, Alabama. It is understood that Fox Henderson and Sons is a partnership which is in the process of dissolution on account of the death of one of the partners and that the partnership owns more than fifty per centum of the number of shares of stock of the member bank voted at the last annual meeting of shareholders.

"Section 2, subsection (c) of the Banking Act of 1933 defines a holding company affiliate as including 'any corporation, business trust, association, or other similar organization' which owns or controls more than fifty per centum of the number of shares voted for the election of directors of any one bank at the preceding election, and it appears that Fox Henderson and Sons would be a holding company affiliate if it were a 'corporation, business trust, association, or other similar organization'. It is the opinion of the Board, however, that a partnership is not a 'corporation, business trust, association, or other similar organization' within the meaning of the Act, and that, if it is a partnership, Fox Henderson and Sons is not a holding company affiliate of The First Farmers and Merchants National Bank, Troy, Alabama, and is not subject to the provisions of the Act applicable to holding company affiliates of member banks."

Approved.

There were then presented the following applications for original

stock of Federal reserve banks:

Applications for ORIGINAL Stock:

| | <u>Shares</u> | |
|--|---------------|------------|
| <u>District No. 2.</u> | | |
| The Crestwood National Bank in Tuckahoe, Tuckahoe, New York | 36 | 36 |
| <u>District No. 3.</u> | | |
| The First National Bank in Fleetwood, Fleetwood, Pennsylvania | 38 | 38 |
| <u>District No. 4.</u> | | |
| National Bank of Montpelier, Montpelier, Ohio | 36 | |
| Lagonda National Bank of Springfield, Springfield, Ohio | <u>234</u> | 270 |
| <u>District No. 5.</u> | | |
| Oxford National Bank, Oxford, North Carolina | 72 | 72 |
| | <u>Total</u> | <u>416</u> |

Approved.

12/20/33

-5-

Thereupon the meeting adjourned.

Chester Howell
Secretary.

Approved:

ER Black
Governor.