

A meeting of the Federal Reserve Board was held in Washington on Monday, January 8, 1934, at 2:00 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 January 8, 1934, from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, 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.

Memorandum dated January 6, 1934, from Mr. Wyatt, General Counsel, recommending the appointment of Mrs. Dorothy M. Heathington as a temporary stenographer in the Legal Division for a period of thirty days beginning January 8, 1934, with salary at the rate of \$130 per month.

Approved.

Bond in the amount of \$50,000 executed on January 2, 1933, by Mr. H. V. Roelse as Assistant Federal Reserve Agent at the Federal Reserve Bank of New York.

Approved.

Bonds each in the amount of \$50,000 executed on December 28, 1933, by Messrs. Charles E. Francis and Lee E. Anderson as acting

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assistant Federal reserve agents at the Charlotte and Baltimore Branches, respectively, of the Federal Reserve Bank of Richmond.

Approved.

Letter to Mr. Sailer, Deputy Governor of the Federal Reserve Bank of New York, stating that, in accordance with the recommendation contained in his letter of December 27, 1933, the Board approves changes in the personnel classification plan of the bank, to provide for the position of "assistant examiner" in the bank examinations-records and analysis division and the discontinuance of the position of "assistant examiner" in the bank examinations-examining division, and for changes in the salary ranges of five positions in other departments of the bank.

Approved.

Letter to Mr. Helm, Deputy Governor of the Federal Reserve Bank of Kansas City, stating that, in accordance with the recommendation contained in his letter of December 28, 1933, the Board approves a change in the personnel classification plan to provide for the new position of "clerk-filing" in the loans, rediscounts and acceptances department of the bank.

Approved.

Letter to the board of directors of the "Kalama State Bank", Kalama, Washington, 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 San Francisco.

Approved.

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Telegram to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"Referring your wire December 15 re request Union Trust Company of Maryland, Baltimore, Maryland, for permission to operate branch at Overlea, Board has been advised by Comptroller of Currency that he approves establishment by Union Trust Company of Maryland, Baltimore, Maryland, of a branch at Overlea, Maryland, outside of the corporate limits of Baltimore. Please advise member bank."

Approved.

Letter to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"Receipt is acknowledged of your letter of December 18, 1933, and inclosure, advising that the First National Bank of Lawrenceburg, Tennessee, has been continuously deficient in its required reserves during each computation period from August 15, 1932, to January 31, 1933 inclusive, or for six consecutive months.

"It is noted that no deficiency in this bank's reserves has occurred since the period ending February 28, 1933. In view of this fact, the Board will take no action at this time other than to forward copies of your letter and inclosure to the Comptroller of the Currency for his information."

Approved.

Letter to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of Mr. Sargent's letter of December 23, 1933, with which was inclosed a copy of a letter from the First Security Corporation, Ogden, Utah, in connection with the matter of a consolidation of the First Security Bank, Boise, Idaho, First Security Bank, Pocatello, Idaho, and Anderson Brothers Bank, Idaho Falls, Idaho, and the establishment of fifteen branches, which transaction met with the approval of the Board subject to compliance by the banks with certain conditions embodied in a letter to you under date of November 28, 1933.

"From the letter of the First Security Corporation of Ogden, Utah, it is observed that apparently all conditions, as set out by the Board, have been met except in the following particular:

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"All bonds having a rating of less than the four high-grade classifications were charged down to the appraisal shown in the Examiner's Report, with the exception of Idaho Falls, Pocatello and Boise. In these instances, a reserve equivalent to 100% of the depreciation on bonds having a classification of less than B1 Plus was set up.

'The conditions as set out in your letter, 1, 2 and 3, have been fully complied with - the only thing being that instead of charging depreciation off on those bonds at Idaho Falls, Pocatello and Boise having a lesser classification than B1 Plus, we set up a specific reserve, which from a practical standpoint accomplishes the same results.'

"While the Board's condition contemplated an actual elimination of the depreciation in investments other than those in the four highest grades, either through charge-offs as indicated in the condition or the establishment of a valuation reserve which accomplishes the same purpose as a charge-off in that such a reserve is applied as a deduction from the asset account in question and would not, therefore, appear in the published statements of condition of the bank, it is not clear from the First Security Corporation's letter that the reserves set up are in the nature of valuation reserves. Therefore will you please advise the First Security Corporation that the Board will expect the bank to comply with the condition referred to, either by effecting an actual charge-off of the depreciation or by the establishment of the valuation reserve as explained above. It will be appreciated if you will advise the Board of the action taken by the bank in the matter."

Approved.

Letter to "The Citizens National Bank of Hampton", Hampton, Virginia, reading as follows:

"Reference is made to your application for permission to exercise fiduciary powers under the provisions of Section 11(k) of the Federal Reserve Act.

"The Federal Reserve Board has considered the application and authorizes your bank 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 Virginia, only in

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"the specific trusts in which the Bank of Hampton, Hampton, Virginia, had been appointed and was acting on the date The Citizens National Bank of Hampton was authorized by the Comptroller of the Currency to commence business, 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. Action has been deferred upon your application for full fiduciary powers until your institution has been in operation at least one year and a report of examination made subsequent to the expiration of that period has been received."

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 Pittsford National Bank', Pittsford, New York, from \$50,000 to \$5,000, pursuant to a plan which provides for the sale at par of \$25,000 par value Class 'A' preferred stock to the Reconstruction Finance Corporation and the sale at par of \$25,000 par value Class 'B' preferred stock to the present stockholders or others, and for the use of the funds released by the reduction in common capital stock, together with a portion of the bank's surplus, undivided profits and reserves, in eliminating estimated losses aggregating approximately \$24,839 and depreciation in lower grade securities of approximately \$42,752, all as set forth in your memorandum of December 30, 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 Bloomingdale', Bloomingdale, N. J., 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 the sale at par of \$25,000 new common stock to the present shareholders or others, and that the funds released by the reduction in common capital stock, together with a portion of the bank's surplus, shall

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"be used to eliminate the remaining estimated losses which have not been satisfactorily provided for by reclassification or otherwise, and depreciation in lower grade securities of approximately \$21,973, all as set forth in your memorandum of December 27, 1933.

"In considering the plan under which the reduction in common capital stock is to be effected, it was noted that no provision was made for the elimination of securities depreciation of approximately \$9,434, in addition to which there will remain in the bank doubtful items aggregating approximately \$75,257 in which the examiner states losses are rapidly developing. It was noted also that the examiner states the management is weak and ineffective and that erroneous reports have been made to your department. It is assumed, however, that you have these conditions in mind and that whenever it becomes feasible to do so you will obtain such further corrections as may be practicable, including the strengthening of the management."

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 Purdy', Purdy, Missouri, from \$50,000 to \$30,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$20,000 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 \$15,000 and to increase the bank's surplus in the amount of \$5,000, all as set forth in your memorandum of December 29, 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 Fordyce', Fordyce, Arkansas, 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 \$25,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the re-

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"duction in common capital stock shall be used to eliminate approximately a corresponding amount of substandard assets, all as set forth in your memorandum of December 26, 1933.

"In considering the plan under which the reduction in common capital stock is to be effected, it was noted that the bank is burdened with a heavy concentration of slow and relatively undesirable assets; and that the bank examiner subjects the active management to severe criticism, stating in his report of examination as of September 12, 1933, that 'only in a change in management can the bank ever be brought to a point where its future will not be a subject of possible concern'. It is assumed, however, that you have these conditions in mind and that whenever it becomes feasible to do so, you will require such corrections as may be practicable."

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 Saint Peter', Saint Peter, Minnesota, from \$50,000 to \$20,000 pursuant to a plan which provides that the bank's capital shall first be increased from \$50,000 to \$80,000 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 and approximately \$43,183 from the bank's surplus and undivided profits shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$73,183 or to establish reserves therefor, all as set forth in your memorandum of December 29, 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 Council Grove National Bank', Council Grove, 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, together with a portion of the

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"bank's surplus and undivided profits, shall be used toward eliminating doubtful items, estimated losses and securities depreciation, all as set forth in your memorandum of December 29, 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 Wayne', Wayne, Nebraska, from \$75,000 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 a voluntary cash contribution of \$25,000 from the shareholders, shall be used to eliminate substandard assets and securities depreciation aggregating approximately \$75,000, all as set forth in your memorandum of December 29, 1933. It is understood from the Reconstruction Finance Corporation examiner's report that further eliminations amounting to approximately \$16,000 are to be made by using a portion of the bank's surplus and undivided profits for that purpose, and such eliminations, if approved by you, also meet with the approval of the Board.

"In considering the plan under which the reduction in common capital stock is to be effected, it was noted that no provision was made for a strengthening of the management, although the examiner states in his report that the president and chairman of the board are unreliable and unwilling to give accurate information concerning the affairs of the bank and that new management is badly needed. It is assumed, however, that this matter is receiving the attention of your office."

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 Hondo', Hondo, Texas, from

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"\$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 substandard assets in the amount of approximately \$20,477 and to increase the surplus and undivided profit accounts by approximately \$4,523, all as set forth in your letter of January 4, 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 City National Bank of Mexia', Mexia, Texas, 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, if the bank has not already done so, substandard assets and securities depreciation in approximately a corresponding amount, all as set forth in your letter of January 2, 1934."

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 Douglas National Bank of Roseburg', Roseburg, Oregon, 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, together with approximately \$7,392 from the bank's undivided profits, shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$57,392, all as set forth in your letter of January 2, 1934."

Approved.

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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 in Paso Robles', Paso Robles, California, 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 substandard assets and securities depreciation in the amount of approximately \$48,900 and to increase undivided profits by approximately \$1,100, all as set forth in your letter of January 2, 1934."

Approved.

Letter to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"This refers to a letter to you, dated December 28, 1933, from Mr. T. J. Campbell, Assistant Treasurer of Old Colony Trust Associates, which was forwarded to the Federal Reserve Board and in which Mr. Campbell set forth the limited purposes for which Old Colony Trust Associates desires a voting permit at this time. It has been noted that the limited permit which the Board, in its telegram of December 30, 1933, authorized you to issue to Old Colony Trust Associates upon satisfaction of certain conditions is not sufficiently broad to permit Old Colony Trust Associates to vote its stock in certain of its subsidiary banks for all the purposes listed by Mr. Campbell. There is inclosed herewith a supplemental permit entitling Old Colony Trust Associates to vote its stock for certain purposes not included in the limited permit heretofore authorized, and it is believed that the two permits will enable the grantee to vote its stock in the manner desired, except as hereinafter noted.

"First, the Board has not undertaken at this time to authorize Old Colony Trust Associates to vote its stock in The Concord National Bank of Concord, Concord, Massachusetts, for the purpose of effecting a reduction in the capital stock of that bank, but will issue such a permit if and when the proposed capital reduction is approved by the Board. Second, the permit inclosed herewith does not specifically

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"authorize Old Colony Trust Associates to vote its stock in the Harvard Trust Company, Cambridge, Massachusetts, for the purpose of ratifying the action of the board of directors of that institution 'in subscribing to public benefactions aggregating \$600'. If a permit from the Board is necessary in this connection, the Board will desire to have full information as to the nature of such subscriptions before undertaking to issue a permit specifically authorizing the holding company affiliate to vote its stock for such purpose. The Board does not feel that it should grant such a permit at this time, since such action might be construed as a tacit approval of the transactions in question, and the Board cannot pass upon the propriety of the subscriptions in the absence of full information in respect thereto."

Approved.

Telegram to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Please advise Industrial Trust Company, Providence, Rhode Island, that inasmuch as section 5144 of the Revised Statutes as amended by section 19 of the Banking Act of 1933 provides that every holding company affiliate shall in its application for a voting permit agree that thenceforth it will declare dividends only out of actual net earnings, Board is unable to grant even limited voting permit on basis of application as submitted by Industrial Trust Company, inasmuch as applicant specifically incorporates as part of its application letter from F. M. Howe, its president, to you, dated December 20, 1933, in which it purports to reserve right to withdraw application if Board's interpretation of statutory provision referred to above should be contrary to applicant's understanding of it as set forth in said letter. Board regrets that as explained in letter to you dated December 26, 1933, it is unable at this time to give consideration to applicant's request for interpretation of the term 'actual net earnings' as used in the statutory provision referred to and believes such ruling may be inappropriate at this time, as important case involving factors bearing upon such interpretation is now awaiting judicial decision. If applicant wishes to withdraw reservation in letter of December 20, 1933, it should telegraph Board to that effect immediately."

Approved.

Telegram to Mr. Case, Federal Reserve Agent at New York, stating

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that the Board has considered the application of the "First Securities Corporation of Syracuse", Syracuse, New York, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banks:

"The First National Bank of Waterloo", Waterloo, New York,
"The First National Bank of Canastota", Canastota, New York,
"The North Syracuse National Bank", North Syracuse, New York,
"The First National Bank of Earlville", Earlville, New York,
"The First National Bank of Mexico", Mexico, New York,

and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"1. Prior to the issuance of such permit applicant shall agree

"(a) That within such time as may be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York, the undersigned will cause its subsidiary member and non-member banks to charge off or otherwise eliminate all estimated losses in loans and discounts and in other assets, all depreciation in stocks and defaulted securities and all depreciation in securities other than those in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating and grading securities, in such amounts and of such character as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York and as may be shown by current examinations of such banks;

"(b) That within such time as may be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York and coincidental with making the charge-offs or other eliminations referred to in sub-division (a) above, the undersigned will cause its subsidiary member and non-member banks to increase their respective capital funds pursuant to appropriate action, through contributions by stockholders, sales of common and/or preferred stocks or capital notes or debentures, or otherwise, in such amounts as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York and, as to such of said banks as are national banks, to the

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"Comptroller of the Currency, and, as to such of said banks as are state banks, whether members or non-members, to the authorities in the State of New York having supervision of such banks;

"(c) That it will cause its subsidiary member and non-member banks to correct all operating practices and policies, and matters of condition and management which have been criticized by the appropriate supervising authorities or the Federal Reserve Agent;

"(d) That it will cause its subsidiary member and non-member banks to eliminate or initiate the reduction, pursuant to a program calling for the regular periodic retirement in substantial amounts, of all loans and advances made by each subsidiary member and non-member bank of the undersigned to it and to its subsidiaries and other affiliated organizations, and also all loans and advances secured by, and all investments in, stocks or obligations of the undersigned and/or of First Trust and Deposit Company, Syracuse, New York, and/or their respective subsidiaries or other affiliated organizations;

"(e) That it will not directly or indirectly borrow from or otherwise become indebted to any of its subsidiaries or other affiliated organizations, nor permit any of its subsidiaries or other affiliated organizations to borrow from or otherwise to become indebted, directly or indirectly, to any other of the said organizations, for the purpose of obtaining funds to be used in connection with an increase in the capital funds of any of its subsidiaries or other affiliated organizations, without the prior consent of the Federal Reserve Agent at the Federal Reserve Bank of New York to the creation of any such indebtedness.

"2. Simultaneously with the issuance of the limited voting permit authorized hereunder, there shall be issued to First Trust and Deposit Company, Syracuse, New York, the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of New York."

and for the following purposes:

"1. To elect directors of such banks at the annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks.

"2. To take such action as may be necessary or desirable to effect an increase in the capital funds of such banks."

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The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the First Securities Corporation of Syracuse, a limited voting permit in accordance with the telegram when the conditions prescribed in the telegram have been complied with.

Approved.

In connection with the telegram referred to above, there was presented a second telegram to Mr. Case, Federal Reserve Agent at New York, stating that the Board has considered the application of the "First Trust and Deposit Company", Syracuse, New York, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banks:

"The First National Bank of Waterloo", Waterloo, New York,
"The First National Bank of Canastota", Canastota, New York,
"The North Syracuse National Bank", North Syracuse, New York,
"The First National Bank of Earlville", Earlville, New York,
"The First National Bank of Mexico", Mexico, New York,

and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"Prior to the issuance of such permit applicant shall agree

"(a) That within such time as may be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York, the undersigned will charge off or otherwise eliminate all estimated losses in loans and discounts and in other assets, all depreciation in stocks and defaulted securities, and all depreciation in securities other than those in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating

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"and grading securities, in such amounts and of such character as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York and as may be shown by current examinations of the undersigned;

"(b) That within such time as may be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York and coincidental with making the charge-offs or other eliminations referred to in sub-division (a) above, the undersigned will increase its capital funds pursuant to appropriate action, through contributions by stockholders, sale of common and/or preferred stock or capital notes or debentures, or otherwise, in such amount as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York and to the authorities in the State of New York having supervision of the undersigned;

"(c) That it will correct all operating practices and policies, and matters of condition and management which have been criticized by the appropriate supervisory authorities or the Federal Reserve Agent;

"(d) That it will eliminate, or initiate the reduction, pursuant to a program calling for the regular periodic retirement in substantial amounts of, all loans and advances made by it to each subsidiary or other affiliated organization of the undersigned, and also all loans and advances secured by, and all investments in, stocks or obligations of the undersigned and/or of First Securities Corporation of Syracuse, Syracuse, New York, and/or their respective subsidiaries or other affiliated organizations;

"(e) That it will not directly or indirectly borrow from or otherwise become indebted to any of its subsidiaries or other affiliated organizations, nor permit any of its subsidiaries or other affiliated organizations to borrow from or otherwise become indebted, directly or indirectly, to any other of the said organizations, for the purpose of obtaining funds to be used in connection with an increase in its own capital funds or the capital funds of any of its subsidiaries or other affiliated organizations, without the prior consent of the Federal Reserve Agent at the Federal Reserve Bank of New York, to the creation of any such indebtedness;

"(f) That it will complete its application dated December 30, 1933, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, by executing and/or causing its subsidiaries and/or each other organization with which

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"the undersigned is affiliated, to execute Exhibits L and N. on F.R.B. Forms P-3 and P-4, respectively, in form approved by counsel for the Federal Reserve Bank of New York, and will forthwith deliver said exhibits so executed in triplicate to the Federal Reserve Agent at the Federal Reserve Bank of New York to be made a part of its said application, and

"(g) That so long as the undersigned continues to be affiliated with First Securities Corporation of Syracuse, Syracuse, New York, it will use its best efforts to cause said First Securities Corporation to perform its obligations under that certain agreement required to be executed by First Securities Corporation of Syracuse pursuant to Condition '1' in the Board's telegram to the Federal Reserve Agent at the Federal Reserve Bank of New York authorizing the granting of a limited voting permit to such corporation.

"2. Simultaneously with the issuance of the limited voting permit authorized hereunder, there shall be issued to First Securities Corporation of Syracuse, Syracuse, New York, the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of New York."

and for the following purposes:

"(1) To elect directors of such banks at the annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks.

"(2) To take such action as may be necessary or desirable to effect an increase in the capital funds of such banks."

The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank and to issue to the First Trust and Deposit Company a limited voting permit in accordance with the telegram when the conditions prescribed in the telegram have been complied with.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at New York, stating that the Board has considered the application of the "Hoboken

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"Land and Improvement Company", Hoboken, New Jersey, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Hoboken", Hoboken, New Jersey, and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

"Prior to the issuance of such permit applicant shall agree

"(1) that within such time as may be fixed by the Federal Reserve Agent and the Chief National Bank Examiner at New York, it will cause The First National Bank of Hoboken to charge off or otherwise to eliminate from its assets, if it has not already done so, all estimated losses in loans and discounts and in other assets, all depreciation in stocks and defaulted securities, and all depreciation in other securities not in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities, as the same may be determined by a current examination, in such amounts and in such manner as may be satisfactory to said Federal Reserve Agent and chief national bank examiner;

"(2) that the assets of The First National Bank of Hoboken eliminated or charged off pursuant hereto will not be distributed to the shareholders of said bank or released in any manner whatsoever, but will remain the property of the said bank;

"(3) that within such time as may be fixed by said Federal reserve agent and chief national bank examiner it will cause the capital structure of The First National Bank of Hoboken to be supplemented by such amount as may be satisfactory to them, through contributions by shareholders, through the creation and issuance of common and/or preferred stock by The First National Bank of Hoboken and/or otherwise; and

"(4) that the undersigned will cause said subsidiary bank to correct, to the satisfaction of said Federal reserve agent and chief national bank examiner, all items, operating practices, policies and matters pertaining to its financial condition or management which have been criticised by the Comptroller of the Currency

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"or the Federal Reserve Agent at the Federal Reserve Bank of New York.

and for the following purposes:

"1. To elect directors of said bank at the annual meeting of shareholders, or at any adjournment thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meeting of said bank.

"2. To act upon any proposal for the creation and issuance of common and/or preferred stock by said bank and to make such amendments to the articles of association of said bank as may be necessary for such purposes, provided that such proposal shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York and in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities."

The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Hoboken Land and Improvement Company, a limited voting permit in accordance with the telegram when the condition prescribed in the telegram has been complied with.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at New York, reading as follows:

"Please advise F. B. Odlum, President of Atlas Corporation, One Exchange Place, Jersey City, New Jersey, as follows: 'In view of fact that Atlas Corporation is holding company affiliate of American Trust Company, San Francisco, California, at present time, Board may not issue permit entitling other holding company affiliates to vote stock of trust company and disregard Atlas Corporation, so long as present relationship of latter corporation to trust company continues. However, if plan suggested by you on page 3, subparagraphs A, B, and C of your letter to Board of December 20, 1933, is carried out in good faith, Atlas Corporation will not then be holding company affiliate of trust company, provided neither Atlas Corporation nor Pacific Eastern Corporation retains potential or actual control, directly or indirectly, of Pacific American Company, Ltd. or of American Company, or of

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"majority of stock of trust company, or of more than 50 per cent of number of shares voted for election of directors of trust company at preceding election, or in any manner of election of majority of directors of trust company. If directors or Class B stockholders of Pacific American Company, Ltd., or directors of American Company, should be also officers, directors or employees of Atlas Corporation or of Pacific Eastern Corporation, or otherwise closely identified with either such corporation, or if Atlas Corporation or Pacific Eastern Corporation should have power to select or remove directors of Pacific American Company, Ltd. or of American Company, or if agreement of sale of Class B stock of Pacific American Company, Ltd. should contain provision for repurchase thereof by Atlas Corporation or Pacific Eastern Corporation or any other provision inconsistent with divorcement of Atlas Corporation from trust company, Board would consider these things as evidence of control by Atlas Corporation which might be sufficient to make such corporation subject to provisions of Banking Act of 1933 applicable to holding company affiliates of member banks. Before action is taken upon applications of American Company and Pacific American Company, Ltd., for permit to vote stock of trust company, Board will require evidence satisfactory to it that neither Atlas Corporation nor Pacific Eastern Corporation is affiliated with trust company in any manner described in section 2, subsection (c) of Banking Act of 1933. In this connection, Board should be furnished with copies of all documents used in connection with the plan aforesaid."

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Board has considered application for voting permit of 'Perth Amboy Trust Company', Perth Amboy, New Jersey, and has deferred action thereon until such time as examinations under your supervision can be made of applicant and 'Raritan Trust Company', Perth Amboy, New Jersey, its subsidiary bank, in order to determine current financial condition and ability of management of each."

Approved.

Telegram to Mr. Wood, Federal Reserve Agent at St. Louis, stating that the Board has considered the application of the "Trustees under Trust Agreement with reference to stock in First National Bank

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"of Louisville, Kentucky, and other Corporations, dated July 1, 1925", for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banking institutions:

"The First National Bank of Louisville", Louisville, Kentucky,
"Kentucky Title Trust Company", Louisville, Kentucky,
"The First National Bank of Nicholasville", Nicholasville,
Kentucky,
"Madison-Southern National Bank and Trust Company of Richmond", Richmond, Kentucky,

and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"1. Prior to the issuance of such permit applicant shall agree,

"(a) that it will rehabilitate or cause to be rehabilitated the capital structure of each of its subsidiary banking institutions by means of voluntary contributions and/or creation and issuance of common stock and/or preferred stock, or otherwise, and will cause each of its subsidiary banking institutions to charge off or otherwise to eliminate from its assets (1) all estimated losses in loans and discounts, (2) all depreciation in stocks and defaulted securities, (3) all depreciation in securities not in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating and grading securities, (4) all other losses and (5) an additional amount sufficient to reduce each such subsidiary's investment in other real estate, banking house and furniture and fixtures to amounts which shall not exceed the respective current appraised values thereof, that all such charge offs or eliminations will be based upon a current examination of each such subsidiary, and that all such capital readjustments will be consummated within such time as may be fixed by and in accordance with such plan or plans as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis with respect to such subsidiaries situated within that district and to the Federal Reserve Agent at the Federal

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"Reserve Bank of Cleveland with respect to such subsidiaries situated within that district;

"(b) that the aggregate capital and surplus of each of the subsidiary banking institutions of the undersigned shall be not less than ten percentum of the deposit liability of each such subsidiary after making the aforesaid charge offs and eliminations and the aforesaid additions to capital funds;

"(c) that it will cause to be eliminated from the assets of each of its subsidiary banking institutions, or to be reduced substantially and systematically, to such extent, in such manner and within such time, as may be satisfactory to the Federal reserve agent at the Federal reserve bank of the district in which such subsidiary is situated (1) all loans, advances and/or extensions of credit secured in whole or part by capital stock or obligations of the undersigned or of any of its subsidiaries; (2) investments in the capital stock or obligations of the undersigned or of any of its subsidiaries; and (3) advances to the undersigned or to any of its subsidiaries except such advances as may be secured by readily marketable collateral;

"(d) that it will use its best efforts to eliminate and/or to correct or cause to be eliminated and/or to be corrected in the case of each subsidiary banking institution all existing items, matters, practices and policies which have been criticized by the appropriate supervisory authorities or by the Federal reserve agent at the Federal reserve bank of the district in which such subsidiary is situated; and

"(e) that all assets of each of such subsidiaries which may be charged off or otherwise eliminated pursuant to the foregoing paragraphs of this agreement will remain the property of the subsidiary and will not be distributed to the shareholders thereof or otherwise released in any manner whatsoever.

"2. Prior to the issuance of such permit, the Federal Reserve Agent of the Federal Reserve Bank of St. Louis shall receive advice that the granting of the voting permit authorized hereunder has been approved by the Federal Reserve Agent and by the Executive Committee of the Federal Reserve Bank of Cleveland with respect to the subsidiary member banks situated in the fourth Federal Reserve District.

"3. Simultaneously with the issuance of the voting permit authorized hereunder, there shall be issued to The First National Bank of Louisville and First Kentucky Company the limited voting permits authorized in the Board's telegrams of this date to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis."

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and for the following purposes:

"1. To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks.

"2. To act upon any proposal for the creation and issuance of common and/or preferred stock by such banks and to make such amendments to the articles of association and/or certificates of incorporation and/or by-laws of such banks as may be necessary for such purposes, provided that each such proposal shall be in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities and which shall be satisfactory to the Federal reserve agent at the Federal reserve bank of the district in which the bank issuing such stock is situated."

The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Trustees under Trust Agreement with reference to stock in First National Bank of Louisville, Kentucky, and other Corporations, dated July 1, 1925, a limited voting permit in accordance with the telegram when the conditions prescribed in the telegram have been complied with.

Approved.

In connection with the telegram referred to above, there was presented a second telegram to Mr. Wood, Federal Reserve Agent at St. Louis, stating that the Board has considered the application of the "First Kentucky Company", Louisville, Kentucky, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Louisville" and the "Kentucky Title Trust Company", both of Louisville, Kentucky,

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and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"1. Prior to the issuance of such permit

"(a) there shall be delivered to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis (i) an application by First Kentucky Company on F.R.B. Form P-1 including Exhibit A listing the names of the banks appearing after the letter 'B' herein, Exhibit C on F.R.B. Form P-2, and Exhibit P on F.R.B. Form P-5 with respect to Kentucky Title Trust Company, all to be executed or certified by the duly authorized officers of the applicant, and (ii) opinion of counsel for Federal Reserve Bank of St. Louis that such instruments are in form satisfactory to such counsel and that they are legally effective;

"(b) the Federal Reserve Agent at the Federal Reserve Bank of St. Louis and the Executive Committee of such bank shall approve the application required hereunder and shall recommend the issuance of a limited voting permit to the applicant for the purposes hereinafter set forth after the letter 'D'.

"(c) Applicant shall undertake and agree (i) that it will use its best efforts to the end that the agreement required of the Trustees under Trust Agreement with reference to stock in First National Bank of Louisville, Kentucky, and other Corporations, dated July 1, 1925, in the Federal Reserve Board's telegram to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis, approving the issuance of a limited voting permit to such trustees, will be carried out in accordance with its terms.

"2. Simultaneously with the issuance of a limited voting permit authorized hereunder there shall be issued to The First National Bank of Louisville, Louisville, Kentucky, and Trustees under Trust Agreement with reference to stock in First National Bank of Louisville, Kentucky, and other Corporations, dated July 1, 1925, the limited voting permits authorized in the Board's telegrams of this date to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis."

and for the following purposes:

"1. To elect directors of such banks at the annual meeting of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respec-

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"tive annual meetings of such banks.

"2. To act upon any proposal for the creation and issuance of common and/or preferred stock by such banks and to make such amendments to the articles of association and/or certificates of incorporation and/or by-laws of such banks as may be necessary for such purposes, provided that each such proposal shall be in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities and which shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis."

The telegram stated also that, before the Board considers the application of the First Kentucky Company with respect to a general voting permit, it should receive a complete application by the First Kentucky Company, in duplicate, in which the instruments furnished pursuant to the foregoing may be incorporated by reference, and recommendations of the executive committee of the Federal reserve bank and the agent with respect to such application. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the First Kentucky Company, a limited voting permit in accordance with the telegram when the conditions prescribed in the telegram have been complied with.

Approved.

There was presented also a telegram to Mr. Wood, Federal Reserve Agent at St. Louis, stating that the Board has considered the application of "The First National Bank of Louisville", Louisville, Kentucky, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in

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the following banking institutions:

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"Kentucky Title Trust Company", Louisville, Kentucky,
"The First National Bank of Nicholasville", Nicholasville, Kentucky,
"Madison-Southern National Bank and Trust Company of Richmond", Richmond, Kentucky,

and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"1. Prior to the issuance of such permit

"(a) there shall be delivered to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis (i) an application by The First National Bank of Louisville, on F.R.B. Form P-1 including Exhibit A listing the names of the banks appearing after the letter 'B' herein, Exhibit C on F.R.B. Form P-2, and Exhibit P on F.R.B. Form P-5 with respect to Kentucky Title Trust Company, all to be executed or certified by the duly authorized officers of the applicant, and (ii) opinion of counsel for Federal Reserve Bank of St. Louis that such instruments are in form satisfactory to such counsel and that they are legally effective;

"(b) the Federal Reserve Agent at the Federal Reserve Bank of St. Louis and the Executive Committee of such bank with respect to the subsidiary member banks situated in the eighth Federal Reserve district, and the Federal Reserve Agent at the Federal Reserve Bank of Cleveland and the Executive Committee of such bank with respect to the subsidiary member banks situated in the fourth Federal Reserve district, shall approve the application required hereunder and shall recommend the issuance of a limited voting permit to the applicant for the purposes hereinafter set forth after the letter 'D'.

"(c) Applicant shall undertake and agree (i) that it will use its best efforts to the end that the agreement required of the Trustees under Trust Agreement with reference to stock in First National Bank of Louisville, Kentucky, and other Corporations, dated July 1, 1925, in the Federal Reserve Board's telegram to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis, approving the issuance of a limited voting permit to such trustees, will be carried out in accordance with its terms.

"2. Simultaneously with the issuance of a limited voting permit authorized hereunder there shall be issued to First Kentucky

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"Company, Louisville, Kentucky, and Trustees under Trust Agreement with reference to stock in First National Bank of Louisville, Kentucky, and other Corporations, dated July 1, 1925, the limited voting permits authorized in the Board's telegrams of this date to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis.

and for the following purposes:

"1. To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks.

"2. To act upon any proposal for the creation and issuance of common and/or preferred stock by such banks and to make such amendments to the articles of association and/or certificates of incorporation and/or by-laws of such banks as may be necessary for such purposes, provided that each such proposal shall be in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities and which shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of the district in which the bank issuing such stock is situated."

The telegram stated also that, before the Board considers the application of The First National Bank of Louisville with respect to a general voting permit, it should receive a complete application by The First National Bank of Louisville, in duplicate, in which the instruments furnished pursuant to the foregoing may be incorporated by reference, and recommendations of the executive committees and the Federal Reserve Agents of the Federal Reserve Banks of Cleveland and St. Louis with respect to such application. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to The First National Bank of Louisville, a limited voting permit in accordance with the telegram when the con-

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ditions prescribed in the telegram have been complied with.

Approved.

There was presented also a telegram to Mr. Williams, Federal Reserve Agent at Cleveland, reading as follows:

"Board in telegram of this date has advised Wood at St. Louis of approval of limited voting permit The First National Bank of Louisville, Louisville, Kentucky, and Trustees under Trust Agreement with reference to stock in The First National Bank of Louisville, Kentucky and other corporations, dated July 1, 1925, to vote stock owned or controlled by each of them of The First National Bank of Nicholasville, Nicholasville, Kentucky, and Madison-Southern National Bank and Trust Company of Richmond, Richmond, Kentucky, situated in the fourth district, for the election of directors, routine matters and increase of capital funds, subject to your approval and that of executive committee of Federal Reserve Bank of Cleveland. It is requested that you and executive committee consider application and advise Wood by telephone or telegraph of recommendation."

Approved.

Telegram to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Board has deferred consideration of application for voting permit of 'C. E. Conrad Estate, Inc.', Kalispell, Montana, pending developments in connection with measures now being taken by representatives of the Comptroller of the Currency which were mentioned in your telegram dated December 27, 1933, and requests you to furnish full details of such corrections when effected."

Approved.

Telegram to Mr. Newton, Federal Reserve Agent at San Francisco, stating that the Board has considered the application of the "Trans-america Corporation", San Francisco, California, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock

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which it owns or controls in the following banking institutions:

"Bank of America National Trust and Savings Association",
San Francisco, California,
"The First National Bank of Portland", Portland, Oregon,
"First National Bank in Grass Valley", Grass Valley,
California,
"The Placerville National Bank", Placerville, California,
"The Vallejo Commercial National Bank", Vallejo, California,

and has authorized the issuance of a limited permit to the applicant,

subject to the following conditions:

"(1) Prior to the issuance of such permit, applicant shall agree that within such time or times as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of San Francisco, and in any event prior to April 1, 1934, the undersigned, if it has not already done so, will cause each of such subsidiary banks to charge off or otherwise eliminate estimated losses in loans and discounts, depreciation in stocks and defaulted securities, and all other losses, such charge offs or eliminations to be based upon current examinations, or credit investigations of such subsidiary banks and to be of such nature and in such amounts as shall be satisfactory to the Comptroller of the Currency and to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco;

"(2) Simultaneously with the issuance of the limited voting permit authorized hereunder there shall be issued to Transamerica Bank Holding Company, San Francisco, California, the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco."

and for the following purposes:

"To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks.

The telegram requested that the agent advise the applicant that the application was not received in Washington until Sunday, January 7, 1934, and that, therefore, the Board has had no opportunity to go

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into the matter thoroughly and is granting the application solely in order to enable the member banks involved to hold their annual meetings on January 9; and stated that, before granting the applicant a permit to vote the stock in such banks for any purposes other than those specified, the Board, in accordance with its usual practice, will give careful consideration to all pertinent factors in the situation and reserves the right to require such corrections of criticized matters and such additional undertakings and agreements as it may deem advisable or appropriate. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Transamerica Corporation, a limited voting permit in accordance with the telegram when the conditions prescribed in the telegram have been complied with.

Approved.

In connection with the telegram referred to above, there was presented a second telegram to Mr. Newton, Federal Reserve Agent at San Francisco, stating that the Board has considered the application of the "Transamerica Bank Holding Company", San Francisco, California, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banking institutions:

"Bank of America National Trust and Savings Association", San Francisco, California,

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"The First National Bank of Portland", Portland, Oregon,
"First National Bank in Grass Valley", Grass Valley,
California,

"The Placerville National Bank", Placerville, California,
"The Vallejo Commercial National Bank", Vallejo, California,

and has authorized the issuance of a limited permit to the applicant,
subject to the following conditions:

"(1) Prior to the issuance of such permit, applicant shall agree that within such time or times as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of San Francisco, and in any event prior to April 1, 1934, the undersigned, if it has not already done so, will cause each of such subsidiary banks to charge off or otherwise eliminate estimated losses in loans and discounts, depreciation in stocks and defaulted securities, and all other losses, such charge offs or eliminations to be based upon current examinations, or credit investigations of such subsidiary banks and to be of such nature and in such amounts as shall be satisfactory to the Comptroller of the Currency and to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco;

"(2) Simultaneously with the issuance of the limited voting permit authorized hereunder there shall be issued to Transamerica Corporation, San Francisco, California, the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at San Francisco."

and for the following purposes:

"To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks."

The telegram requested that the agent advise the applicant that the application was not received in Washington until Sunday, January 7, 1934, and that, therefore, the Board has had no opportunity to go into the matter thoroughly and is granting the application solely in order to enable the member banks involved to hold their annual meetings on

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January 9; and stated that, before granting the applicant a permit to vote the stock in such banks for any purposes other than those specified, the Board, in accordance with its usual practice, will give careful consideration to all pertinent factors in the situation and reserves the right to require such corrections of criticized matters and such additional undertakings and agreements as it may deem advisable or appropriate. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Transamerica Bank Holding Company, a limited voting permit in accordance with the telegram when the conditions prescribed in the telegram have been complied with.

Approved.

Telegram dated January 6, 1934, to Mr. Newton, Federal Reserve Agent at San Francisco, stating that the Board has considered the application of the "Corporation of the President of the Church of Jesus Christ of Latter-Day Saints", Salt Lake City, Utah, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The Utah State National Bank of Salt Lake City", and the "Utah Savings & Trust Company", both of Salt Lake City, Utah, and has authorized the issuance of a limited permit to the applicant for the following purposes:

"(1) To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are

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"ordinarily acted upon at the respective annual meetings of such banks.

"(2) To act on a proposal or proposals to authorize an increase in the capital stock of The Utah State National Bank, Salt Lake City, Utah, and to do all things which may be necessary for such purpose, provided that such proposal or proposals shall be in accordance with a plan or plans which shall be satisfactory to the Comptroller of the Currency and to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco."

The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints, a limited voting permit in accordance with the telegram.

Approved.

Telegram dated January 6, 1934, to Mr. Newton, Federal Reserve Agent at San Francisco, stating that the Board has considered the application of the "Yakima Holding Corporation", Yakima, Washington, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, entitling such organization to vote the stock which it owns or controls in the "Yakima First National Bank", Yakima, Washington, and "The First National Bank of Wapato", Wapato, Washington, and has authorized the issuance of a limited permit to the applicant for the following purposes:

"To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks."

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The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Yakima Holding Corporation, a limited voting permit in accordance with the telegram.

Approved.

Telegram dated January 6, 1934, to Mr. Newton, Federal Reserve Agent at San Francisco, stating that the Board has considered the application of the "Old National Corporation", Spokane, Washington, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banking institutions:

- "The Old National Bank and Union Trust Company of Spokane",
Spokane, Washington,
- "The First National Trust & Savings Bank of Spokane", Spokane,
Washington,
- "The First National Bank of Grandview", Grandview, Washington,
- "The Lewiston National Bank", Lewiston, Idaho,
- "The First National Bank of Medical Lake", Medical Lake,
Washington,
- "The First National Bank of Moscow", Moscow, Idaho,
- "The Security National Bank of Palouse", Palouse, Wash-
ington,
- "The First National Bank of Reardan", Reardan, Washington,
- "The First National Bank of Ritzville", Ritzville, Wash-
ington,
- "First National Bank in Sprague", Sprague, Washington,
- "The First National Bank of Sunnyside", Sunnyside, Wash-
ington,

and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

"Simultaneously with the issuance of the limited voting

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"permit authorized hereunder there shall be issued to Investment and Securities Co., Spokane, Washington, the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco."

and for the following purposes:

"To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks."

The telegram stated also that, since neither the trustees under a voting trust agreement dated September 20, 1929, between such trustees and the stockholders of the Old National Corporation nor the trustees under a voting trust agreement dated October 4, 1933, between such trustees and the Old National Corporation with reference to the stock of the Investment and Securities Co. constitutes a holding company affiliate within the meaning of section 2 of the Banking Act of 1933 on the basis of the information furnished to the Board in the application for a voting permit dated October 31, 1933, no voting permit will be required to entitle both such sets of trustees to vote the shares owned or controlled by them respectively. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank and to issue to the Old National Corporation a limited voting permit in accordance with the telegram.

Approved.

In connection with the telegram referred to above, there was presented a second telegram dated January 6, 1934, to Mr. Newton, Federal Reserve Agent at San Francisco, stating that the Board has

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considered the application of the "Investment and Securities Co.", Spokane, Washington, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banking institutions:

- "The Old National Bank and Union Trust Company of Spokane",
Spokane, Washington,
- "The First National Trust & Savings Bank of Spokane",
Spokane, Washington,
- "The First National Bank of Grandview", Grandview, Washington,
- "The Lewiston National Bank", Lewiston, Idaho,
- "The First National Bank of Medical Lake", Medical Lake,
Washington,
- "The First National Bank of Moscow", Moscow, Idaho,
- "The Security National Bank of Palouse", Palouse, Washington,
- "The First National Bank of Reardan", Reardan, Washington,
- "The First National Bank of Ritzville", Ritzville, Wash-
ington,
- "First National Bank in Sprague", Sprague, Washington,
- "The First National Bank of Sunnyside", Sunnyside, Wash-
ington,

and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

"Simultaneously with the issuance of the voting permit authorized hereunder, there shall be issued to Old National Corporation the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco."

and for the following purposes:

"To elect directors of such banks at the respective annual meetings of shareholders, or at any adjournments thereof, at any time prior to April 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the respective annual meetings of such banks."

The telegram stated also that, since neither the trustees under a voting trust agreement dated September 20, 1929, between such

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trustees and the stockholders of the Old National Corporation nor the trustees under a voting trust agreement dated October 4, 1933, between such trustees and the Old National Corporation with reference to the stock of the Investment and Securities Co. constitutes a holding company affiliate within the meaning of section 2 of the Banking Act of 1933 on the basis of the information furnished to the Board in the application for a voting permit dated October 31, 1933, no voting permit will be required to entitle both such sets of trustees to vote the shares owned or controlled by them respectively. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Investment and Securities Co., a limited voting permit in accordance with the telegram.

Approved.

Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"This refers to your letter of September 16, 1933, relative to the right of the Peoples Pittsburgh Trust Company, a member bank, to pay interest at the rate of 4% on insured savings accounts, together with a copy of the opinion of counsel for your bank with respect to this question.

"From an examination of the insured savings accounts pass book and the other documents in this connection which you inclosed with your letter, it does not appear that the contracts in question may legally be terminated or modified by the bank at its option or without liability, and, in these circumstances, it is the view of the Federal Reserve Board that interest at the rate specified in such contracts may be paid by a member bank on deposits received under the terms of contracts lawfully entered into in good faith prior to June 16, 1933. Of course, no such contract may be renewed or extended unless it be modified to conform to the provisions of the law and the Board's Regulation Q."

Approved.

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Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"This refers to Mr. Anderson's letter of September 28, 1933, inclosing a copy of a letter from counsel for your bank with respect to the practice of certain member banks of Wheeling, West Virginia, in accepting for deposit surplus funds of corporations, subject to 31 days' notice of withdrawal, upon which deposits interest is paid.

"The Board understands that the deposits in question are evidenced by passbooks which contain no rules or regulations; but that at the time of each deposit there is filed a notice of intention to withdraw after 31 days, and that at the expiration of such period and at the expiration of each ensuing period of 31 days, there is filed a similar notice of intention to withdraw the deposit. It is suggested by counsel for your bank that this practice may be in violation of Section III(e) of Regulation Q, prohibiting the payment of interest after the maturity of any time deposit. As stated in the Board's letter of September 23, 1933, in regard to this matter, the Board does not have sufficient information to enable it to determine whether the deposits here under consideration constitute time deposits within the meaning of Regulation Q. If, however, these deposits are in fact time deposits, the provisions of Section III(e) of the regulation are applicable and no interest may be paid thereon for any period subsequent to the expiration of the period of notice of intended withdrawal unless and until, as your counsel suggests, they are again made subject to a contract under which the funds constitute time deposits. In this connection, however, your attention is invited to the Board's ruling regarding deposits of postal savings funds which was transmitted with its letter of November 18, 1933 (X-7687).

"The question whether deposits of funds of a corporation may be regarded as savings deposits is one upon which it is not believed that any general rule can be prescribed and each case should be determined on the basis of its own particular facts. It would not be practicable for the Federal Reserve Board to undertake to determine in individual cases questions submitted to it by member banks as to whether particular deposits constitute savings deposits as defined in Regulation Q; and the Board feels that these are questions upon which each member bank should exercise its best judgment in the light of the provisions of the law and the Regulation. As indicated in the Regulation, if the circumstances with respect to the deposit are such as to raise a question as to whether it is properly classified

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"as a savings deposit, the bank must be prepared to show clearly that it is a deposit consisting of funds accumulated for bona fide thrift purposes and that it otherwise complies with the definition of savings deposits set forth in the Regulation."

Approved.

Letter to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"There is inclosed herewith a copy of a letter addressed to the Federal Reserve Board's General Counsel by Messrs. Thompson, Mitchell, Thompson & Young, attorneys at law, St. Louis, Missouri, in regard to the payment of interest by the commercial department of a member trust company located in Missouri upon funds payable on demand and entrusted to that department by the bank's trust department. In this connection, reference is made to the Board's ruling published in the Federal Reserve Bulletin for September, 1933, at page 568, and to the Board's letter of August 21, 1933, X-7555.

"It is not entirely clear from the letter received on this subject whether the funds when placed by the trust department with the commercial department of the trust company are regarded as deposits in the commercial department of the bank or are treated in all respects as trust funds; and in this connection your attention is invited to a ruling of the Federal Reserve Board published in the Federal Reserve Bulletin for 1922 at page 572, which holds that all funds received by a member bank in the course of its commercial or fiduciary business must be treated either as deposits against which reserves must be carried or as trust funds which are segregated from the general assets of the bank and are otherwise subject to the safeguards imposed upon the custody and use of trust funds. While this ruling related to a question with respect to reserve requirements of member banks the principle there stated is also applicable to questions relating to the payment of interest on deposits by member banks. It will be appreciated if, after consultation with your counsel, you will ascertain from Messrs. Thompson, Mitchell, Thompson & Young or from the member trust company which they represent, information as to whether the funds are placed by the commercial department to the credit of the trust company in its capacity as trustee or other fiduciary, whether the funds are segregated from the general assets of the bank or used by the bank in the conduct of its business, and whether the account

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"is credited with income received by the bank from the investment of the particular funds in question or a stipulated rate of interest is paid on such funds, together with any other facts which may be pertinent to a determination of the question presented.

"If, after obtaining the information requested, it is the view of your counsel that the case is one which falls within the purview of the Board's ruling published in the September, 1933, Federal Reserve Bulletin at page 568, it is requested that you reply to the inquiry made of the Federal Reserve Board in this matter in accordance with the view of your counsel; but if your counsel feels that the ruling mentioned is not applicable or that the matter is one upon which there is considerable doubt, you are requested to submit the information obtained to the Federal Reserve Board, together with an opinion of your counsel on the subject, for further consideration by the Board."

Approved.

Letter to Messrs. Miller, Mack and Fairchild, Milwaukee, Wisconsin, reading as follows:

"This refers to your letters of December 28, 1933, and January 3, 1934, regarding the question whether the trust of Clement C. Smith, Ludington Patton and Howard Greene, trustees under a Declaration of Trust dated December 27, 1916, constitutes a 'business trust' within the meaning of Section 2(b) of the Banking Act of 1933.

"From an examination of the trust agreement inclosed with your letter of January 3, 1934, it appears that the trust property under the above named trust originally consisted of certain shares of stock of the Wisconsin Securities Company and of the Marine Securities Company, together with certain cash assets and any other property, real or personal, belonging to the Fidelity Gas Company; and that all such property was transferred to trustees to be held in trust for the benefit of certain beneficiaries to whom the trustees were to issue transferable certificates of beneficial interest in the trust fund. Under the trust agreement, the trustees were empowered, among other things, to manage and care for the trust property; to use such trust property for the purpose of acquiring or holding for investment or otherwise real or personal property of whatsoever nature and wheresoever situated; to acquire, furnish and contract for the acquisition and furnishing of any labor, supplies and materials for any purpose and 'to

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"conduct any trading, mercantile and manufacturing business"; to purchase stocks and bonds, enter into underwritings, and make any contracts in reference to any real or personal property including franchises; to purchase, mortgage, pledge and convey real or personal property, to borrow money, and to execute notes or other evidences of indebtedness; and to execute releases, conveyances, bills of sale or other written instruments. The agreement also provided that the trustees should pay over annually to the beneficiaries of the trust such portion of the net earnings of the trust fund as the trustees should deem wise and prudent, 'having due regard to the investments of the trustees and the business conditions of the trust'.

"It further appears that the original trust agreement as above outlined which would have expired in accordance with its terms on December 31, 1926, was, at that time, renewed for another period of ten years and that, subsequent to such renewal, all of the beneficiaries of the trust stated in writing that it was the purpose of the continuation of the trust 'that during such continuation it should be confined to the holding and protecting of the interest of the trust in said stock of said Wisconsin Securities Company and Marine Securities Company'.

"It is the understanding of the Board that the trustees under this trust, as renewed in December, 1926, and as restricted in the manner above stated by the beneficiaries thereof, are not 'engaged either by themselves or in connection with the beneficiaries in the carrying on of any business' and that they no longer exercise the broad powers with respect to the trust property which were granted to them by the original trust agreement; and, moreover, that their existing powers and functions are confined to the holding and voting of the stock held by them in the Wisconsin Securities Company and Marine Securities Company and to the distribution of dividends declared on such stock to the beneficiaries of the trust. If this is the case, it is the view of the Board, on the basis of the information which you have submitted, that the now existing trust does not constitute a 'corporation, business trust, association or other similar organization' within the meaning of Section 2(b) of the Banking Act of 1933 defining the term 'affiliate'."

Approved.

Telegram to Mr. Case, Federal Reserve Agent at New York, requesting that he advise Messrs. Franklin W. Fort and Michael Loprete that their Clayton Act applications have been granted as follows:

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Mr. Franklin W. Fort, for permission to serve at the same time as director and officer of the Lincoln National Bank of Newark, Newark, New Jersey, as director of the Savings Investment and Trust Company, East Orange, New Jersey, and as director of the Freehold Trust Company, Freehold, New Jersey.

Mr. Michael Loprete, for permission to serve at the same time as director of the Lincoln National Bank of Newark, Newark, New Jersey, and as director of the Savings Investment and Trust Company, East Orange, New Jersey.

The telegram stated also that the agent is requested to review these permits next November to determine whether, in his opinion, they should be revoked; and that a letter with regard to the permits will be sent to him later.

Approved.

Letter to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. T. J. Davis, for permission to serve at the same time as director of the Cincinnati branch, Federal Reserve Bank of Cleveland, Cincinnati, Ohio, as officer and director of the First National Bank, Cincinnati, Ohio, and as officer and director of The Bank of Athens, National Banking Association, Athens, Ohio.

Approved.

There were then presented the following applications for original, or additional 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>		
The National Bank of Pinebush, Pinebush, New York	36	36

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<u>Applications for ORIGINAL Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 4.</u>			
Farmers & Merchants National Bank in Bellaire, Bellaire, Ohio	66		66
<u>District No. 6.</u>			
First National Bank in Milton, Milton, Florida	36		36
<u>District No. 11.</u>			
The City National Bank of Houston, Houston, Texas	420		420
	<u>Total</u>		<u>558</u>

Application for ADDITIONAL Stock:

<u>District No. 2.</u>			
Chemical Bank & Trust Company, New York, New York (Increase in capital through sale of capital notes in the amount of \$5,000,000 to the Reconstruction Finance Corporation.)	3,000		
Lyons National Bank, Lyons, New York (Increase in capital through issue of common stock, partly offset by decrease in surplus)	48		
First National Bank, Jamestown, New York (Increase in capital through issue of common stock, partly offset by decrease in surplus)	13		
First National Bank, Poughkeepsie, New York (Increase in capital through issue of common stock)	<u>38</u>		3,099
<u>District No. 5.</u>			
Depositors National Bank, Durham, North Carolina (Increase in capital through issue of preferred stock)	120		120
<u>District No. 6.</u>			
First National Bank, Linden, Alabama (Increase in capital through issue of preferred stock, partly offset by de- crease in surplus)	15		
First National Bank in Bristol, Tennessee (Increase in capital through issue of preferred stock)	<u>150</u>		165

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<u>Applications for ADDITIONAL Stock: (Continued)</u>	<u>Shares</u>	
<u>District No. 7.</u>		
Harris Trust & Savings Bank, Chicago, Illinois (Increase in surplus)	600	600
	Total	3,984
 <u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
Elmhurst National Bank of New York, New York (Elmhurst) New York (Being liquidated through conservator)	174	
Tuxedo National Bank, Tuxedo, New York (Voluntary liquidation, succeeded by The National Bank of Tuxedo)	120	
First National Bank, Philmont, New York (Being liquidated through conservator)	48	342
 <u>District No. 3.</u>		
Collingswood National Bank, Collingswood, New Jersey (Being liquidated through con- servator)	150	
The First National Bank & Trust Company, Fleetwood, Pennsylvania (Being liquidated through conservator)	135	
Union National Bank, Mount Wolf, Pennsylvania (Being liquidated through conservator)	69	
First National Bank & Trust Co., New Egypt, New Jersey (Being liquidated through con- servator)	72	426
 <u>District No. 4.</u>		
Farmers & Merchants National Bank, Bellaire, Ohio (Being liquidated through conservator)	120	120
 <u>District No. 6.</u>		
First National Bank & Trust Company in Orlando, Florida (Being liquidated through conservator)	240	240
 <u>District No. 7.</u>		
First National Bank, LaGrange, Illinois (Being liquidated through conservator)	78	
Farmers National Bank, Garner, Iowa (Being liquidated through conservator)	39	
Washington National Bank, Washington, Iowa (Voluntary liquidation, succeeded by The Natl. Bank of Washington)	120	
Central National Bank & Trust Co., Battle Creek, Michigan (Voluntary liquidation; succeeded by The Central Natl. Bank at Battle Creek)	600	

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<u>Applications for SURRENDER of Stock: (Continued)</u>	<u>Shares</u>	
<u>District No. 7. (Continued)</u>		
First National Bank & Trust Co., Flint, Michigan (Being liquidated through conservator)	660	1,497
<u>District No. 10.</u>		
Garden City National Bank, Garden City, Kansas (Being liquidated through conservator)	36	36
	Total	2,661

Approved.

Thereupon the meeting adjourned.

Robert Morrell

Secretary.

Approved:

E. R. Black
Governor.