

A meeting of the Federal Reserve Board was held in Washington on Monday, January 22, 1934, at 3:00 p. m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Bethea, Assistant Secretary
Mr. Smead, Chief of the Division of
Bank Operations.

The Board considered and acted upon the following matters:

Memorandum dated January 18, 1934, from Mr. Paulger, Chief of the Division of Examinations, referring to the authority granted at the meeting on December 19, 1933, under which Miss Dorothy E. Quinn was employed temporarily as a stenographer in the division, and recommending that, in view of the continued amount of work in the division, the temporary appointment of Miss Quinn be extended for an additional thirty days on the same terms as the previous appointment. The recommendation was approved by six members of the Board on January 20, 1934.

Approved.

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

"The Federal Reserve Board approves annual salaries, effective January 1, 1934, of \$4,632 for Mr. J. Frank Rehfuss, Manager of the Statistics and Research Division and of \$4,512 for Mr. Casimir A. Sienkiewicz, Statistician, as recommended in your letter of December 20."

Approved.

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Letter to Mr. Newton, Chairman of the Federal Reserve Bank of Atlanta, stating that, in accordance with the recommendation contained in his letter of January 15, 1934, the Board approves a change in the personnel classification plan of the Atlanta bank to provide for the new position of "utility clerk" in the fiscal agency and securities department.

Approved.

Telegram dated January 20, 1934, approved by four members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Your letter January 16. Board approves appointment of W. H. A. Johnson as Examiner in Federal Reserve Agent's department your bank at salary rate of \$7,500 per annum effective upon assuming duties. Please advise effective date."

Approved.

Letter to Mr. Netterstrom, Assistant Deputy Governor of the Federal Reserve Bank of Chicago, stating that, in accordance with the recommendation contained in his letter of December 15, 1933, the Board approves changes in the personnel classification plan of the bank to provide for fourteen new positions in various divisions of the bond department, and for a change from "confidential bookkeeper" to "chief" in the title of a position in the Federal reserve note issue division of the Federal reserve agent's department and an increase in the salary range of the position to from \$4,000 to \$5,000 per annum.

Approved.

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Letter to Mr. Peyton, Chairman of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Federal Reserve Board approves the changes in the personnel classification plan recommended in your letters of December 13, 1933, and January 13, 1934, as shown on revised pages of Form A inclosed therewith except the title of the job 'Manager of Trust Examination Division and Trust Examiner' which the Board suggests be changed to read 'Examiner (Trust) and Manager of Trust Examination Division'. It is also requested that the commission given to such examiner designate him as an 'Examiner', not as a 'Trust examiner'. In accordance with your letter of January 13, we have eliminated revised page 4 of Form A submitted with your letter of December 13. The Board also approves an annual salary of \$4,500 for Mr. A. W. Mills, Office Manager of the Bank Examination, Federal Reserve Note Issues and Bank Relations functions, as recommended in your letter of December 13.

"Referring to your letter of January 13, it appears desirable to have all pages covering a particular function, such as Bank Examination, in numerical order and in order to assure that the plan for your bank on file at the Board's offices is in exact conformity with your file copy of the plan, there is attached a statement showing the order of the departments and the page numbers of the plan for your bank on file with the Board. In the event it is necessary to increase the number of pages in any department, it is suggested that the additional pages be given page numbers followed by the letters 'a', 'b', etc. After you have had an opportunity to go over the attached statement it will be appreciated if you will advise us what changes, if any, should be made in the page numbers assigned to the Forms A submitted with your letters of December 13 and January 13."

Approved.

Letter to Mr. Helm, Deputy Governor and Cashier of the Federal Reserve Bank of Kansas City, stating that, in accordance with the recommendation contained in his letter of January 16, 1934, the Board approves a change in the personnel classification plan of the Omaha Branch to provide for the new position of "clerk" in the auditing department of the branch.

Approved.

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

"Receipt is acknowledged of your letter of January 17, 1934, with further regard to indebtedness and outside business affiliations of officers and employees of the Federal Reserve Bank of New York, from which it is noted that Mr. Harold F. Chapin is negotiating at the present time with the Home Owners' Loan Corporation to take over the mortgage securing his indebtedness to the Guardian National Bank of Commerce at Detroit. It is assumed that you will advise the Board if and when the transfer is actually made.

"In view of the circumstances set forth in your letter with regard to the appointment of Mr. Dillistin as a member and treasurer of the Passaic County Mosquito Exterminator Commission, it is felt that the position does not come within the scope of the resolution adopted by the Board on December 23, 1915, on the subject of officers and directors of Federal reserve banks holding political or public office, and, accordingly, the Board will interpose no objection to his retaining the position.

"It is also noted that you will address another letter to the Board in the course of the next few days, with regard to the official connections of Messrs. R. F. Cutler, R. R. Apgar and Wm. A. Ernst with building and loan associations."

Approved.

Letter to Mr. Calkins, Governor of the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your letter of January 10, 1934, containing information with regard to outside business affiliations of employees of the Federal Reserve Bank of San Francisco, and in which you state that one employee is a director of a small water company which distributes water in the town of Hillsborough, California.

"It is assumed that the person referred to is not an employee occupying a responsible position in your bank and that, therefore, his continuing in the capacity of director is not in conflict with the position taken by the Board, as outlined in my letter to you of January 2, 1934, that no officer or employee of a Federal reserve bank occupying a responsible position should be identified in an official capacity with an outside business interest, regardless of whether such connec-

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"tion interferes with the employee's service to the Federal reserve bank or involves any relationship which might be embarrassing to the Federal reserve bank."

Approved.

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

"The Board has received your letter of January 12, 1934, together with a copy of a letter dated January 11, 1934, addressed to you by The Real Estate Trust Company of Philadelphia, in which the trust company requests, and you recommend, a modification of condition of membership number twenty-two requiring the trust company to dispose of its holdings of stock in the Pennsylvania Sugar Company within one year from the date of admission of the trust company to membership in the Federal Reserve System.

"It is noted that the negotiations for the sale of this stock, which were under way when the application was submitted, have been discontinued by the prospective purchasers and that the trust company has called attention to the embarrassment that might be caused through its inability to dispose of the stock in the Pennsylvania Sugar Company within the period of one year from date of its admission to membership, as prescribed in the conditions of membership.

"The Board has given careful consideration to the matter but feels that the investment is a disproportionate concentration, representing, as it does, an amount in excess of the bank's capital stock after adjustments, and that it would not be advisable to make any modification of the condition as it now reads. Should The Real Estate Trust Company qualify for membership and find, however, that within the time allotted it was unable to effect the sale of its holdings of Pennsylvania Sugar Company stock, the Board will consider a request for an extension of such time, and if such a request is made, due consideration will be given to the efforts made by the trust company to comply with the condition as prescribed."

Approved.

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

"Reference is made to the acquisition in March, 1933, of certain of the assets and the assumption of the liabilities, other than to stockholders, of the First National Bank by the Peoples Bank, both of Rural Retreat, Virginia, as reported in

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"your letter of April 22, 1933.

"From the information submitted it appears that the absorption has not resulted in any material change in the general character of the assets of, or in the scope of the functions exercised by the Peoples Bank of Rural Retreat within the meaning of the general condition under which it was admitted to membership in the Federal Reserve System, and in view of your assurance that the bank is perfectly free from all doubtful and loss assets and is in a healthy condition, the Board accordingly will interpose no objection to the transaction.

"In order however that the Board's records of this absorption may be complete, kindly furnish, in addition to copies of any agreements or other documents pertaining to the transaction, a copy of any amendment to the charter of the Peoples Bank and a reference to the provisions of State law covering the transaction. Please also advise as to whether, as a result of the transaction, the Peoples Bank acquired any branches and, if so, where located, and furnish the Board opinion of your counsel as to whether the transaction resulted in any change in the corporate existence of the Peoples Bank which affected its membership in the Federal Reserve System."

Approved.

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

"Refer your wire January 18, 1934, re application 'Merchants Bank of Winona', Winona, Minnesota. Board grants a further extension of time to February 18, 1934, within which bank may comply with conditions of membership but would not be disposed to grant any additional extensions."

Approved.

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

"This refers to your letter of January 5, 1934, transmitting a certified copy of a resolution adopted on December 23, 1933, by the directors of the Security State Bank & Trust Company, Ralls, Texas, authorizing the withdrawal of this bank from membership in the Federal Reserve System, together with a copy of a letter from Vice President McLaughlin of the bank, giving notice of its intention to withdraw before July 1, 1934.

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"You have advised that the notice of withdrawal was received in your office on December 27, 1933. At the expiration of six months from that date, therefore, upon the surrender of the Federal Reserve Bank stock held by the Security State Bank & Trust Company, the Federal Reserve Bank of Dallas is authorized to make appropriate refund thereon."

Approved.

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

"Refer Sargent's wire January 17, 1934 re application 'Monterey County Trust & Savings Bank', Salinas, California. Board grants extension of time to February 8, 1934 within which bank may comply with conditions of membership."

Approved.

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

"Reference is made to the application of 'The Central National Bank at Battle Creek', Battle Creek, Michigan, for full fiduciary powers.

"Consideration has been given to the circumstances surrounding the organization of this bank whereby it was necessary to accept from the old bank certain assets of a nonliquid character, including a heavy investment in building, furniture and fixtures; and to the views of your Executive Committee that if the Board does not grant fiduciary powers at this time, such a step would react unfavorably to the new institution.

"In this connection, the Board notes the statement in your letter regarding the bank's present unsatisfactory management, which appears to be essentially the same as that of the old bank and which was severely criticized by the national bank examiner.

"Consideration has been given also to the fact that the Reconstruction Finance Corporation, through its investment in preferred stock, is the bank's majority stockholder and is, therefore, vitally concerned in its successful operation and will be interested in seeing that such changes are made, both in the directorate and the official staff of the bank, as may be necessary to attain that end.

"In view of all the circumstances, however, the Board is unwilling to act upon the application of The Central National Bank at Battle Creek for full fiduciary powers until an examination of

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"the applicant bank has been made and a report thereof is available, and until advice has been received that competent official personnel satisfactory to yourself, your Executive Committee and the Comptroller of the Currency, has been installed. The Board would like to be advised also whether the institution has designated a trust committee to supervise the activities of the proposed trust department, and if it has available the service of competent legal counsel experienced in trust matters.

"Please advise the applicant bank as to the Board's position in the matter of its application."

Approved.

Letter to the "Union Bank", Little Rock, Arkansas, reading as follows:

"Effective if and when the Union Bank, Little Rock, Arkansas, is converted into a national banking association and is authorized by the Comptroller of the Currency to commence business as Union National Bank of Little Rock, the Federal Reserve Board approves the application filed by your bank on behalf of such national bank for permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Arkansas, 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.

"After the conversion of the Union Bank into the Union National Bank of Little Rock becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, the board of directors of the latter bank should adopt a resolution ratifying the action taken on its behalf by your bank in making application for permission to exercise trust powers, and it is requested that a certified copy of the resolution so adopted be forwarded to the Federal Reserve Board for its records as soon as possible. When a copy of such resolution has been received by the Board, a formal certificate covering the right of the Union National Bank of Little Rock to exercise trust powers will be forwarded to it."

Approved.

Letter to "The Marquette National Bank of Minneapolis", Minneapolis, Minnesota, reading as follows:

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"Effective if and when The Marquette National Bank of Minneapolis and the Marquette Trust Company, both of Minneapolis, Minnesota, are consolidated under the provisions of the Act of November 7, 1918, as amended, and under the title and charter of The Marquette National Bank of Minneapolis, the Federal Reserve Board approves the application of The Marquette National Bank of Minneapolis for permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Minnesota, 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.

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

Approved, together with the following
letter to Mr. O'Connor, Comptroller of the
Currency:

"There is inclosed herewith for your information a copy of a letter the Board today has addressed to The Marquette National Bank of Minneapolis, Minneapolis, Minnesota, advising of the approval of the application of that bank for permission to exercise fiduciary powers, under the provisions of Section 11(k) of the Federal Reserve Act, effective if and when that bank and the Marquette Trust Company, also of Minneapolis, Minnesota, are consolidated under the provisions of the Act of November 7, 1918, as amended.

"It has been noted that the Marquette Building and Loan Association is located in the same banking quarters as The Marquette National Bank of Minneapolis. In this connection, your attention is called to the fact that it is the policy of the Federal Reserve Board in acting on applications of State institutions for membership in the Federal Reserve System to require that any other financial institution located in the same banking quarters with the applicant institution shall be removed therefrom, and it is understood that your office has a similar policy with respect to the occupancy of the banking quarters of a national bank by another financial institution. It is assumed that, if you have not already done so, you will give consideration to this matter in the present case."

In connection with the above letter, there was presented a telegram to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of

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Minneapolis, stating that the Board has considered the application of the "Bank Shares Corporation", Minneapolis, Minnesota, 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 Marquette National Bank of Minneapolis", Minneapolis, Minnesota, and has authorized the issuance of a limited permit to the applicant for the following purposes:

"1. At any time prior to April 1, 1934, to authorize the merger or consolidation of The Marquette National Bank of Minneapolis, Minneapolis, Minnesota and Marquette Trust Company, Minneapolis, Minnesota and the taking of all action necessary to effect such merger or consolidation, provided that such merger or consolidation shall be in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities and shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Minneapolis and provided further that at or before the effective date of such merger or consolidation The Marquette National Bank of Minneapolis and Marquette Trust Company shall, if they have not already done so, charge off or otherwise eliminate losses of seven thousand, two hundred and seventy-five dollars (\$7,275) and thirty-three thousand, three hundred and seventeen dollars (\$33,317), respectively, as shown by reports of national bank examiners made as of August 24, 1933 and December 9, 1933, respectively.

"2. At any time prior to April 1, 1934, to authorize the creation and issuance of preferred stock of the bank resulting from the merger or consolidation aforesaid, in such amount and in accordance with such plan or plans as shall be approved by the appropriate supervisory authorities and shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Minneapolis."

Approved.

Letter to the "City Bank and Trust Company", Houston, Texas, reading as follows:

"Effective if and when the Comptroller of the Currency issues a charter and authorizes The City National Bank of

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"Houston, Houston, Texas, to commence business, the Federal Reserve Board approves the application made on its behalf for permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Texas, 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.

"After The City National Bank of Houston has been authorized by the Comptroller of the Currency to commence business, the board of directors of that bank should adopt a resolution ratifying the action taken on its behalf by your bank in making application for permission to exercise trust powers, and it is requested that a certified copy of the resolution so adopted be forwarded to the Federal Reserve Board for its records as soon as possible. When a copy of such resolution has been received by the Board a formal certificate covering the right of The City National Bank of Houston to exercise trust powers will be forwarded to it."

Approved.

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

"Reference is made to Assistant Federal Reserve Agent Fletcher's letter of December 26, 1933, transmitting the request of 'The Peoples City Bank', McKeesport, Pennsylvania, for permission to reduce its capital stock from \$1,000,000 to \$500,000, simultaneously increasing the surplus from \$760,000 to \$1,000,000, and transferring the balance of \$260,000 obtained by the reduction to the undivided profits account.

"It appears that The Peoples City Bank has an investment in its banking house of \$660,507.00, and in this connection attention is called to the following provision of law contained in Section 24A of the Federal Reserve Act:

'Hereafter no national bank, without the approval of the Comptroller of the Currency, and no State member bank, without the approval of the Federal Reserve Board, shall (1) invest in bank premises, or in the stock, bonds, debentures, or other such obligations of any corporation holding the premises of such bank or (2) make loans to or upon the security of the stock of any such corporation, if the aggregate of all such investments and loans will exceed the amount of the capital stock of such bank.'

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"It is understood that The Peoples City Bank desires to reduce its capital stock so that its surplus will be at least equal to 100 per cent of its capital stock in accordance with requirements of the laws of the State of Pennsylvania. It appears that such purpose could be accomplished by a reduction of the capital stock of the bank to \$700,000 and, in view of this fact and the policy shown by the provision of law quoted above, it would seem desirable for The Peoples City Bank not to reduce its capital stock below \$700,000. In these circumstances, you are advised that the Board interposes no objection to a reduction of the capital stock of The Peoples City Bank to an amount not less than \$700,000, provided that none of the funds released by such reduction are returned to the shareholders but are credited to the surplus and undivided profits accounts of the bank and that the reduction in capital is duly accomplished in conformity with the laws of the State of Pennsylvania and has the approval of the Pennsylvania Department of Banking."

Approved.

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

"The Federal Reserve Board approves a reduction in the common capital stock of 'The Alabama National Bank of Montgomery', Montgomery, Alabama, from \$500,000 to \$300,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$200,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital shall be used to eliminate an equal amount of substandard assets and securities depreciation, all as set forth in your letter of January 19, 1934."

Approved.

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

"Receipt is acknowledged of Mr. Young's letters of December 19 and December 28, 1933, advising of a proposed reduction in the common capital stock of the 'Drexel State Bank of Chicago', Chicago, Illinois, from \$500,000 to \$200,000, and the sale at par of \$350,000 of capital debentures to the Reconstruction Finance Corporation, and recommending that the reduction in common capital stock be approved."

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"Since it appears from the information submitted that in March, 1933, prior to being granted a license to resume normal banking functions following the bank moratorium, a cash contribution of \$250,000 was obtained pursuant to a reduction and increase in common capital stock, since it appears that the entire amount of the present proposed reduction in common capital stock is to be used to eliminate objectionable assets from the bank and will effect a material improvement in its condition, and since the Board's consent to the reduction is not required by law or the conditions of membership applicable to the bank, the Board offers no objection to the reduction in capital in the amount indicated, or to the issuance of capital debentures, with the understanding, of course, that your counsel has considered the case and is satisfied as to its legal aspects, that such reduction in the common capital stock and the sale of capital debentures will not result in any change in the corporate existence of the bank which will affect its membership in the Federal Reserve System, and that the transaction has the approval of the Auditor of Public Accounts for the State of Illinois.

"It has been noted from the analysis of the report of examination as of October 26, 1933, that in the case of several directors a large portion of their borrowings is classified as slow or doubtful in the report. The Board feels that loans to officers, directors and employees should be above criticism at all times and that any officer, director or employee whose affairs are so involved as to cause embarrassment to the institution he serves has seriously impaired his usefulness to the bank. This is particularly criticizable since the stockholders have previously been called upon to make good losses in the bank and are now being called upon again to make good further losses. It is requested, therefore, that in your discussions with the bank you insist upon the management's giving such loans its earnest and continued attention in an effort to reimburse the stockholders for any such directors' loans which may be eliminated in connection with the plan of recapitalization, and in an effort to remove all cause for criticism in connection with any such loans remaining in the assets of the bank."

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 Illinois National Bank of Springfield', Springfield, Illinois, from \$300,000 to \$150,000, pursuant to a plan which

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"provides that the bank's capital shall be increased by the sale at par of \$150,000 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 an equal amount of substandard assets and securities depreciation, all as set forth in your memorandum of January 9, 1934.

"In considering the plan under which the reduction in common capital stock is to be effected it was noted that, on the basis of the proposed adjustments as stated in Chief National Bank Examiner Taylor's letter of November 17, 1933, which contemplates eliminations of \$225,000 by the use of \$75,000 from the bank's undivided profits and reserves in addition to the \$150,000 of funds released by the capital reduction, and the transfer of the balance of \$60,000 in undivided profits and reserves to surplus, there will remain in the bank depreciation in securities in the higher grades of approximately \$123,000, which would impair the common capital approximately \$63,000. There will also remain in the bank \$16,000 of doubtful loans as well as a large amount of slow assets and a heavy investment in banking house, furniture and fixtures and other real estate. It was also noted that the bank appears undercapitalized since capital and surplus, after completion of the plan, represent approximately 9% of the total deposit liability as of November 17, 1933. 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."

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 Cicero', Cicero, Illinois, from \$300,000 to \$150,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$150,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital, together with a portion of the bank's surplus and undivided profits and a cash contribution of approximately \$65,000, shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$302,000, all as set forth in your memorandum of January 16, 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 of Lapeer', Lapeer, Michigan, from \$120,000 to \$84,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$49,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital shall be used to eliminate a corresponding amount of substandard assets, all as set forth in your memorandum of January 12, 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 Wood County National Bank of Wisconsin Rapids', Wisconsin Rapids, Wisconsin, 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 \$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 an equal amount of substandard assets and securities depreciation, and which also provides that \$37,000 par value of Wood County Realty Company bonds held by the bank shall be disposed of locally, all as set forth in your memorandum of January 12, 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 First National Bank of Princeton', Princeton, Kentucky, from \$150,000 to \$100,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$100,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in the common capital stock, together with approximately \$80,000 from the bank's surplus, shall be used to eliminate

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"substandard assets aggregating approximately \$130,000, all as set forth in your memorandum of January 10, 1934.

"In considering the plan under which the reduction of common capital stock is to be effected, it was noted that no provision was made for the elimination of approximately \$26,542 of assets classified as loss or the debit balance in the undivided profits account of approximately \$4,609, the aggregate of which exceeds the remaining surplus by approximately \$11,151. 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."

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 Staunton', Staunton, Illinois, 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 \$60,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital shall be used to eliminate a corresponding amount of substandard assets and securities depreciation, all as set forth in your memorandum of January 6, 1934.

"In considering the plan under which the proposed reduction in common capital stock is to be effected, it was noted that after completion of the proposed eliminations there will remain total securities depreciation of approximately \$65,600, an amount sufficient to eliminate the bank's undivided profits, surplus and common capital and to impair the preferred capital to the extent of approximately \$1,200. It is assumed, however, that you have this condition in mind, and that as soon as it is feasible to do so you will require such further corrections as may be practicable."

Approved.

Letter dated January 19, 1934, approved by five members of the Board, 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

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"of 'The Merchants National Bank of Glendive', Glendive, Montana, from \$100,000 to \$40,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$60,000 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 \$60,000, all as set forth in your memorandum of January 12, 1934.

"It has been noted from the report prepared by an examiner for the Reconstruction Finance Corporation and other correspondence that a voluntary contribution of \$15,000 on the part of stockholders of the bank was contemplated and that approximately \$87,000 was to be made available for the elimination of unsatisfactory assets. This matter is brought to your attention since available information does not definitely indicate that this portion of the original plan has been abandoned.

"The comments of your examiner in regard to the banking situation in Glendive also have been noted. 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 Prendergast-Smith 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 and approximately \$16,809.93 from the bank's undivided profits shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$66,809.93, all as set forth in your letter of January 9, 1934.

"In considering the plan under which the reduction of common capital stock is to be effected, it was noted that securities depreciation not provided for in the amount of approximately \$25,016, if considered as a loss, is sufficient to impair the bank's common capital to the extent of approximately \$5,200. It is assumed, however, that you have this condition in mind and that whenever it becomes feasible to do so you will obtain such further corrections as may be practicable."

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 Columbia National Bank of Dayton', Dayton, Washington, from \$100,000 to \$75,000, 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 undesirable assets, all as set forth in your letter of January 12, 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 First National Bank of Riverdale', Riverdale, California, from \$50,000 to \$40,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$10,000 par value preferred stock to the Reconstruction Finance Corporation and that the released capital funds shall be used to eliminate substandard assets or establish a surplus fund, all as set forth in your letter of January 13, 1934."

Approved.

Telegram dated January 19, 1934, approved by five members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, stating that the Board has considered the application of "The Charleston National Company", Charleston, West Virginia, 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 South Charleston", South Charleston, West Virginia, and has authorized the issuance of a limited permit to the applicant for the following

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purposes:

"To elect directors of such 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 shareholders of such bank."

The telegram referred to a request contained in a letter from Mr. Crickard, Vice President of The Charleston National Bank, dated January 15, 1934, that a copy of a deposit agreement dated March 6, 1929, be returned, and requested that the agent advise the applicant that the agreement is essential to a proper consideration of the application and in the opinion of the Board should remain as part of the Board's files.

Approved.

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

"Referring our telephone conversations today and Board's telegrams to you dated December 27 relating to issue of voting permits to Northwest Bancorporation. Notwithstanding specific exception of The North Western National Bank of Minneapolis in paragraph D (2) of telegram to you dated December 27 listing said bank and thirty-seven other banks, it is the understanding of the Board that permit issued pursuant to telegram to you dated December 27 with respect to proposed consolidation of The North Western National Bank of Minneapolis and The Minnesota Loan and Trust Company is itself authority to Northwest Bancorporation to vote its stock of the bank resulting from such consolidation in order to effect the increase of capital stock of such bank necessary to carry out the agreement of Northwest Bancorporation called for under paragraph C of last-mentioned telegram."

Approved.

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

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"Board informed by letter dated January 9 from I. Blair Evans, 800 First Trust Building, Pasadena, California, that applications for voting permits with respect to stock of First National Bank of Pasadena have been filed by First Trust and Savings Bank of Pasadena and by three individual trustees who hold stock of First National Bank of Pasadena for benefit of stockholders of First Trust and Savings Bank of Pasadena. On basis of facts in said letter and copy of deed of trust forwarded to Board by Evans, it appears that trustees hold all or substantially all of stock of First National and that First Trust and Savings is therefore holding company affiliate under Banking Act of 1933, Section 2(c), but that trust referred to is not a 'corporation, business trust, association, or other similar organization' within meaning of definition in that section and that trust is therefore not a holding company affiliate and that trustees need not obtain voting permit from Board. Please advise Evans accordingly. Assume application of First Trust and Savings will be forwarded in due course with recommendations."

Approved.

Letter dated January 20, 1934, approved by six members of the Board, to the Federal reserve agents at all Federal reserve banks, reading as follows:

"As you know, the Banking Act of 1933 provides with respect to applications of holding company affiliates for voting permits that the Board may, in its discretion, grant or withhold such permits as the public interest may require and that in acting upon any application for such a permit the Board 'shall consider the financial condition of the applicant, the general character of its management and the probable effect of the granting of such permit upon the affairs of such bank'.

"Consideration of information submitted with applications for voting permits heretofore received has disclosed that in some cases the applications were inaccurate, incomplete, and unsatisfactory. In certain instances reports of examinations of subsidiary banks and affiliated institutions were not current or were insufficient in other respects, particularly in regard to information concerning management, intercompany and inter-bank relations, and appraisal and classification of assets. In addition, the reports of examination and statements of the banks and other corporations were of widely varying dates. For these and other reasons, the Board concluded that it should confine its action for the time being to limited permits for certain specified purposes and that it should defer action upon the question whether unlimited permits to vote for

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"all purposes should be granted until a more thorough study could be made of the applications and the information in connection therewith.

"In this connection the Banking Act of 1933 also provides that every 'holding company affiliate' in making application for a permit shall agree to receive, on dates identical with those fixed for the examination of banks with which it is affiliated, examiners duly authorized to examine such banks who shall make such examinations of such holding company affiliate as shall be necessary to disclose fully the relations between such banks and such holding company affiliate and the effect of such relations upon the affairs of such banks, such examinations to be at the expense of the holding company affiliate so examined; that the reports of such examiners shall contain such information as shall be necessary to disclose fully the relations between such holding company affiliate and such banks and the effect of such relations upon the affairs of such banks; and that such examiners may examine each bank owned or controlled by the holding company affiliate, both individually and in conjunction with other banks owned or controlled by such holding company affiliate. The Act also provides that, in connection with examinations of State member banks, examiners selected or approved by the Federal Reserve Board shall make such examinations of the affairs of all affiliates of such banks as shall be necessary to disclose fully the relations between such banks and their affiliates and the effect of such relations upon the affairs of such banks.

"In the circumstances, the Board feels that in the development of your plans for examinations of all State member banks in your district, provision should be made as far as possible for simultaneous examinations of 'holding company affiliates' and their subsidiary member banks and the affiliates of such member banks, in order to carry out the requirements of the Banking Act of 1933 and to enable the Board to take final action upon pending applications for voting permits. For this purpose it will, of course, be necessary to make appropriate arrangements with the chief national bank examiners and State supervisory authorities in each district. This matter has been discussed with the office of the Comptroller of the Currency and he will arrange to have the respective chief national bank examiners cooperate with you to the fullest extent. If it is not practicable to make examinations simultaneously of all banks and their affiliates in any very large group in your district, the principal banks of such group, together with the affiliates whose relations are most important, should be examined simultaneously and the remaining institutions covered as soon as possible thereafter, their records being reviewed in order to obtain information on a comparable basis and to

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"make allowances for intercompany transactions which may have occurred between the different dates of examinations.

"In connection with these examinations, the Board desires that certain specific information be obtained concerning all the units of a group and an outline of the points to be covered in this respect will be prepared and sent you as soon as possible. For these reasons, it is suggested that for the present your examiners give their first attention to the banks which are not affiliated with holding companies and that you advise the State supervisory authorities and the chief national bank examiners accordingly.

"It is probable that the State and national bank examiners have examined some of the banks in affiliated groups during the current year or late in 1933 and, therefore, they do not contemplate re-examination of such banks prior to July 1, 1934. However, in such cases, for the reasons which have been stated, it would be desirable if at all possible to re-examine any such banks in accordance with the general plan which has been outlined in this letter.

"The examinations made of national banks and State member banks under this program can, of course, serve as a basis for the certifications by the Comptroller of the Currency and the Federal Reserve Board in connection with applications for Class A stock in the Federal Deposit Insurance Corporation. Such certifications, however, must be made prior to July 1, 1934, and the work in connection with voting permits should not prevent the completion of the program in connection with the certifications for the insurance fund.

"If there are any details of this procedure which you wish to discuss further, it is suggested that you communicate with Mr. L. H. Paulger, Chief of the Board's Division of Examinations."

Approved.

Letter dated January 19, 1934, approved by six members of the Board, to Governor Young of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter of December 27, 1933, in reply to the Board's letter of December 22, with respect to the purchases of bills by the Federal Reserve Bank of Boston referred to in the two telegrams which you addressed to the Board under date of December 9, 1933. You state that the transactions in question were of a customary character, occurred in the ordinary course of business, were not engaged in for the purpose of affecting general credit conditions and did not have a material

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"effect upon general credit conditions; and you express the opinion that the transactions, for these and other reasons mentioned in your letter, did not require the approval of the Federal Reserve Board under the terms of paragraph 5 of Section VII of the Board's Regulation M.

"Upon consideration of the matter in the light of the statements contained in your letter, the Federal Reserve Board sees no reason to differ with your view that the Board's approval of the purchase from the National Shawmut Bank of Boston of bills in the amount of \$2,000,000, which was referred to in one of your telegrams of December 9, was not required under the provision of Regulation M in question. In your other telegram of that date, however, you advised that the Federal Reserve Bank of Boston had suggested to one of its member banks that, if it later should find it necessary to offer any bills for sale, such offer be made to the Federal Reserve Bank of Boston instead of to the New York market; and the question whether the Board's approval will be necessary under paragraph 5 of Section VII of Regulation M as to any such purchase should be determined by the circumstances existing at the time that the particular purchase takes place and will depend upon the character of the transaction, the amount involved, and other factors. Attention is invited to the fact that all such transactions, whether or not the Board's approval is required, must be reported daily to the Federal Reserve Board under the requirement of paragraph 1 of Section VII of Regulation M and the other applicable requirements of the regulation, of course, are to be observed in any such case."

Approved.

Letter dated January 19, 1934, approved by six members of the Board, to Governor Young of the Federal Reserve Bank of Boston, reading as follows:

"Receipt is acknowledged of your letter of January 11, 1934, in which you advise that the Federal Reserve Bank of Boston has purchased bills in the amount of \$1,000,000 with maturities up to forty-five days at a rate of one-half of one per cent from the Rhode Island Hospital Trust Company, a non-member bank, with its indorsement.

"You state that you bought the bills in question in the usual course of business to increase your earnings and that the transaction was a usual one having no material effect upon the general credit situation; and you advise that you are reporting this matter to the Board in accordance with paragraph

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"5 of Section VII of Regulation M. You apparently feel, however, that this purchase was not one which required the approval of the Federal Reserve Board under the paragraph mentioned and, on the basis of the information contained in your letter, the Federal Reserve Board sees no reason to differ with this conclusion with respect to this transaction. The only provision requiring a report of this purchase, therefore, is that in paragraph 1 of Section VII of the regulation which requires that all open market transactions other than the purchase and sale of Government securities shall be reported daily to the Federal Reserve Board."

Approved.

Letter dated January 20, 1934, approved by six members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"In accordance with an understanding with Mr. Sargent, Examiner S. Zeno Varnes of the Federal Reserve Bank of San Francisco, who has been temporarily assigned to the Division of Examinations in Washington, is being released today.

"The Board has asked me to express its appreciation of your cooperation in assigning Mr. Varnes to work with the Division of Examinations in Washington and of the fine service he has rendered. It is believed that his experience here will enable him to be of great value in the future in expediting the consideration of matters requiring the review of the examiners both in San Francisco and Washington."

Approved.

Governor Black reported for the record that, after conferring with Secretary of the Treasury Morgenthau, he had issued the following statement to the press today:

"A conference of the Governors of the Reserve Banks was held on Saturday.

"At this conference Secretary Morgenthau presented the immediate program of the Government's financing. The Governors gave full consideration to this program, and assurance of full cooperation in the success of the program was given by the Governors."

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There was then presented a memorandum prepared by the Committee on Salaries and Expenditures, copies of which had been furnished previously to the appointive members of the Board, which set forth the salaries fixed by the boards of directors for the officers of the respective Federal reserve banks and branches for the current year, advice of which was transmitted to the Board in letters from the Chairmen of the various Federal reserve banks, together with the salaries of the Federal reserve agents and certain members of their staffs.

In connection with the salaries proposed for the officers of the Federal Reserve Bank of New York, Mr. James stated that the Committee on Salaries and Expenditures had given them very careful consideration; that he had felt for a long time that some of the officers of the New York bank were overpaid; and that his opinion in this regard had been emphasized during the period of the recent emergency. The opinion expressed by Mr. James was concurred in by some of the other members of the Board.

The information contained in the memorandum was considered and the following actions were taken:

The salaries of Mr. F. H. Curtiss, Chairman of the board of directors of the Federal Reserve Bank of Boston and Federal Reserve Agent, and Messrs. C. F. Gettemy and W. D. McRae, Assistant Federal Reserve Agents, were fixed at the rates of \$20,000, \$7,500 and \$7,000 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Boston for the year 1934, submitted

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with the Chairman's letter of January 10, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Roy A. Young	Governor	\$30,000
William W. Paddock	Deputy Governor	20,000
William Willett	Cashier	14,000
Krickel K. Carrick	Secretary	9,000
Ellis G. Hult	Assistant Cashier	7,500
Ernest M. Leavitt	Assistant Cashier	7,250
L. Wallace Sweetser	Assistant Cashier	7,000
Carl B. Pitman	Assistant Cashier	6,500
Harry F. Currier	Auditor	6,500
Phillips Ketchum	Counsel (Retainer)	2,400

The salaries of Mr. J. H. Case, Chairman of the board of directors of the Federal Reserve Bank of New York and Federal Reserve Agent, and Mr. H. S. Downs, Assistant Federal Reserve Agent, were fixed at the rates of \$50,000 and \$9,000 per annum, respectively, for the year 1934.

The recommendations of the board of directors of the Federal Reserve Bank of New York that the salaries of Mr. W. H. Dillistin and Mr. H. V. Roelse, Assistant Federal Reserve Agents, be fixed at the rates of \$16,000 and \$10,000 per annum, respectively, were not approved, and their salaries were fixed at the rates of \$15,000 and \$8,000 per annum, respectively, for the current year.

The salary of Mr. Carl Snyder, General Statistician, was fixed at the rate of \$11,000 per annum, but the payment of such salary to Mr. Snyder was approved only up to and including June 30, 1934. On the question of the limitation on the payment of salary to Mr. Snyder Mr. Hamlin voted "no".

Salaries fixed by the board of directors for officers of the Federal Reserve Bank of New York for the year 1934, submitted with the

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chairman's letter of January 5, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
George L. Harrison	Governor	\$50,000
J. W. Jones	Assistant Deputy Governor	14,000
W. B. Matteson	Assistant Deputy Governor	14,000
D. H. Barrows	Manager, Administration	9,000
W. W. Burt	Manager, Accounting Department	6,500
D. J. Cameron	Manager, Foreign Department	6,000
E. O. Douglas	Manager, Bill Department	7,000
E. C. French	Manager, Cash Department	10,000
M. C. McCahill	Manager, Administration	7,500
R. F. McMurray	Manager, R. F. C. Unit	7,500
J. A. Mitchell	Manager, Credit Department	12,000
A. Phelan	Manager, Discount Department	6,000
W. A. Scott	Manager, Government Bond and Safe Keeping	8,500
I. W. Waters	Manager, Check Department	9,000
V. Willis	Manager, Collection Department	6,000
G. W. Ferguson	Assistant General Auditor	7,500
H. H. Kimball	Assistant Counsel	6,000
T. G. Tiebout	Assistant Counsel	6,000
F. T. Davis	Assistant Counsel	4,800

Buffalo Branch

R. M. O'Hara	Managing Director	12,000
R. B. Wiltse	Assistant Manager	8,400
H. W. Snow, Jr.	Cashier	7,000
C. L. Blakeslee	Assistant Cashier	5,500

The salary at the rate of \$35,000 per annum fixed by the directors of the New York bank for Mr. L. F. Sailer, Deputy Governor, was disapproved, but the Board indicated that it would be willing to approve a salary at the rate of \$30,000 per annum for Mr. Sailer, and, pending further action by the board of directors on his salary for 1934, the

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payment of salary to Mr. Sailer at the latter rate was approved.

Salaries at the rates of \$27,000 and \$18,000 per annum fixed by the directors of the New York bank for Messrs. J. E. Crane, Deputy Governor, and Allan Sproul, Assistant to the Governor and Secretary, respectively, were disapproved, but it was understood that, if the board of directors of the bank recommend that such action be taken, the Board will approve for them salaries at the rates of \$25,000 and \$16,000 per annum, respectively, for the current year. Pending further action, the payment to Messrs. Crane and Sproul of salaries at the rates which were in effect on December 31, 1933 was approved.

The salaries fixed by the board of directors for the following officers of the New York bank were disapproved, and, pending further action by the board of directors upon their salaries for 1934, the payment of salaries at the rates shown below was approved:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
W. R. Burgess	Deputy Governor	\$30,000
R. M. Gidney	Deputy Governor	18,000
W. S. Logan	Deputy Governor and General Counsel	22,000
L. R. Rounds	Deputy Governor	30,000
C. H. Coe	Assistant Deputy Governor	13,000
L. W. Knoke	Assistant Deputy Governor	14,000
J. M. Rice	Assistant Deputy Governor	11,000
E. L. Dodge	General Auditor	12,000

Reference was made to the statement contained in Mr. Case's letter of January 5 that, in order that the Federal Reserve Bank of New York may avail itself of the more important services which Mr. John H. Williams, formerly Assistant Federal Reserve Agent, is qualified to

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perform, it had been decided not to request his reappointment as Assistant Federal Reserve Agent, and that, in lieu thereof, he had been appointed an officer of the bank, and it was pointed out that Mr. Case's letter does not state the office to which Mr. Williams has been appointed or what his duties are in that office. Accordingly, action on his salary was deferred pending receipt of such information from the Chairman of the New York bank.

The salaries of Mr. R. L. Austin, Chairman of the board of directors of the Federal Reserve Bank of Philadelphia, and Federal Reserve Agent, and Messrs. A. E. Post and E. C. Hill, Assistant Federal Reserve Agents, were fixed at the rates of \$20,000, \$8,000, and \$8,000 per annum, respectively, for the year 1934.

Salaries fixed by the board of directors for officers of the Federal Reserve Bank of Philadelphia for the year 1934 submitted with the chairman's letter of January 3, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
George W. Norris	Governor	\$30,000
W. H. Hutt	Deputy Governor	18,000
J. M. Toy	Assistant Cashier	8,000
R. M. Miller, Jr.	Assistant Cashier	7,500
Samuel R. Earl	Assistant Cashier	7,500
W. G. McCreedy	Comptroller	7,000

The annual retainer fee at the rate of \$2,500 per annum for the year 1934 fixed by the board of directors for the legal firm being formed by Mr. J. M. Brittain and his associates, which will serve as counsel for the Philadelphia bank, was also approved.

Mr. Hamlin, as Chairman of the Committee on District No. 3, stated that in accordance with the action taken at the meeting of the

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Board on December 19, 1933, the Committee had given further consideration to the salaries fixed by the board of directors of the bank for Mr. C. A. McIlhenny, Deputy Governor, Cashier, and Secretary; Mr. W. J. Davis, Assistant Deputy Governor; Mr. L. E. Donaldson, Assistant Deputy Governor; and Mr. G. K. Morris, Assistant Cashier, and a letter with regard thereto had been prepared and would be circulated among the members of the Board for their approval. Accordingly, action was deferred on the salaries of the four officers referred to, and, pending further action, the payment to them of salaries at the rates which were in effect on December 31, 1933, was approved.

The salaries of Mr. L. B. Williams, Chairman of the board of directors of the Federal Reserve Bank of Cleveland and Federal Reserve Agent, and Messrs. W. H. Fletcher, Howard Evans, and J. B. Anderson, Assistant Federal Reserve Agents, were fixed at the rates of \$30,000, \$12,000, \$7,000 and \$7,000 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Cleveland and its branches for the year 1934, submitted with the Chairman's letter of January 6, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
E. R. Fancher	Governor	\$30,000
M. J. Fleming	Deputy Governor	18,000
F. J. Zurlinden	Deputy Governor	18,000
H. F. Strater	Cashier-Secretary	13,000
C. W. Arnold	Assistant Cashier	8,000
P. A. Brown	Assistant Cashier	7,000
E. A. Carter	Assistant Cashier	6,000
D. B. Clouser	Assistant Cashier	7,500
A. G. Foster	Assistant Cashier	6,000

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<u>Name</u>	<u>Title</u>	<u>Salary</u>
W. F. Taylor	Assistant Cashier	\$8,000
G. H. Wagner	Assistant Cashier	8,000
F. V. Grayson	Auditor	8,000
Squire, Sanders & Dempsy	Counsel (retainer)	4,000

Cincinnati Branch

C. F. McCombs	Managing Director	9,000
B. J. Lazar	Cashier	7,800
Bruce Kennelly	Assistant Cashier	5,000
Henry Ott	Assistant Cashier	5,400

Pittsburgh Branch

J. C. Nevin	Managing Director	13,500
T. C. Griggs	Cashier	8,700
C. J. Bolthouse	Assistant Cashier	5,400
F. E. Cobun	Assistant Cashier	5,500

The salaries of Mr. W. W. Hoxton, Chairman of the board of directors of the Federal Reserve Bank of Richmond and Federal Reserve Agent, and Mr. J. G. Fry, Assistant Federal Reserve Agent, were fixed at the rates of \$20,000 and \$10,000 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Richmond and its branches for the year 1934, submitted with the Chairman's letter of January 12, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
George J. Seay	Governor	\$25,000
C. A. Peple	Deputy Governor	17,500
R. H. Broaddus	Deputy Governor	14,000
J. S. Walden, Jr.	Controller	12,000
George H. Keesee	Cashier and Secretary	9,000
J. T. Garrett	Manager, Bank Relations	8,000
Edw. Waller, Jr.	Assistant Cashier	7,500
W. W. Dillard	Assistant Cashier	6,000
A. S. Johnstone	Manager, Personnel & Service	6,000
Travis F. Epes	Auditor	5,000
M. G. Wallace	Counsel	7,000

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Baltimore Branch

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Hugh Leach	Managing Director	\$12,000
J. R. Cupit	Cashier	5,500
F. W. Wrightson	Assistant Cashier	4,800
J. A. Johnston	Assistant Cashier	4,500

Charlotte Branch

W. T. Clements	Managing Director	7,500
R. L. Cherry	Cashier	4,300

The salaries of Mr. Oscar Newton, Chairman of the board of directors of the Federal Reserve Bank of Atlanta and Federal Reserve Agent, and Mr. L. M. Clark, Assistant Federal Reserve Agent and Secretary, were fixed at the rates of \$20,000 and \$7,500 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Atlanta, its branches, and agencies for the year 1934, submitted with the Chairman's letter of January 13, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
W. S. Johns	Acting Governor	\$15,000
H. F. Conniff	Deputy Governor	12,000
W. S. McLarin, Jr.	Assistant Deputy Governor	7,500
M. W. Bell	Cashier	9,000
R. A. Sims	Assistant Cashier	4,500
V. K. Bowman	Assistant Cashier	6,000
C. R. Camp	Assistant Cashier	4,500
P. L. T. Beavers	Assistant Cashier	4,800
S. P. Schuessler	Assistant Cashier	4,500
E. P. Paris	General Auditor	6,500
J. Welsby Honour	Assistant Auditor	4,500
Robert S. Parker	General Counsel (retainer)	3,500
	(Allowance for stenographer)	1,500

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Birmingham Branch

<u>Name</u>	<u>Title</u>	<u>Salary</u>
J. H. Frye	Managing Director	\$6,500
H. J. Urquhart	Cashier	4,200
T. N. Knowlton	Assistant Cashier	2,880

Jacksonville Branch

Hugh Foster	Managing Director	6,500
Geo. S. Vardeman, Jr.	Cashier	4,500
Mary E. Mahon	Assistant Cashier	2,400

Nashville Branch

J. B. Fort, Jr.	Managing Director	6,500
E. R. Harrison	Cashier	4,500
L. W. Starr	Assistant Cashier	2,800

New Orleans Branch

Marcus Walker	Managing Director	15,000
James A. Walker	Assistant Manager	6,500
W. H. Black	Cashier	6,200
F. C. Vasterling	Assistant Cashier	3,720
Wm. E. Miller	Assistant Auditor	2,940

Havana Agency

H. C. Frazer	Manager	8,400
A. H. Alston	Assistant Manager	6,300

Savannah Agency

J. H. Bowden	Manager	4,000
James A. Goethe	Assistant Manager	2,400

The salaries of Mr. E. M. Stevens, Chairman of the board of directors of the Federal Reserve Bank of Chicago and Federal Reserve Agent, Mr. C. S. Young, Assistant Federal Reserve Agent and Secretary, Mr. J. H. Martin, Assistant Federal Reserve Agent, and Mr. H. G. Pett, Manager of the Division of Research and Statistics, were fixed at \$35,000, \$12,000, \$6,000 and \$7,000 per annum, respectively, for the year 1934.

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The recommendation of the board of directors of the Chicago bank that the salary of Mr. G. A. Prugh, Assistant Federal Reserve Agent, be fixed at the rate of \$7,500 per annum was not approved, and his salary was fixed at the rate of \$7,000 per annum for the current year.

Salaries fixed by the board of directors for officers of the Federal Reserve Bank of Chicago and its Detroit branch for the year 1934, submitted with the Chairman's letter of January 5, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
J. B. McDougal	Governor	\$35,000
G. J. Schaller	Acting Governor	35,000
W. C. Bachman	Assistant Deputy Governor	9,000
R. H. Buss	Assistant Deputy Governor	9,000
E. A. Delaney	Assistant Deputy Governor	8,000
O. J. Netterstrom	Assistant Deputy Governor	9,000
A. T. Sihler	Assistant Deputy Governor	9,000
F. Bateman	Manager, Securities Department	6,000
J. C. Callahan	Manager, Member Banks Accounts Department	6,750
R. E. Coulter	Manager, Cash Custody Department	6,500
N. B. Dawes	Manager, Investment Department	7,000
I. Fischer	Manager, Check Department	6,500
R. J. Hargreaves	Manager, Personnel Department	7,000
F. A. Lindsten	Manager, Disbursing Department	6,000
L. G. Meyer	Manager, Service Department	6,500
L. G. Pavay	Manager, Collection Department	6,250
F. L. Purrington	Manager, Discount Department	6,500
J. G. Roberts	Manager, Cash Department	6,750
W. W. Turner	Manager, Loans	5,500
W. H. Snyder	Controller	14,000
F. R. Burgess	General Auditor	7,000
W. A. Hopkins	Assistant Auditor	7,000
<u>Detroit Branch</u>		
W. R. Cation	Managing Director	14,000
H. J. Chalfont	Cashier	8,500
A. H. Vogt	Assistant Cashier	6,000
W. A. Eubank	Assistant Cashier	4,000
I. Levin	Assistant Counsel (retainer)	4,000

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The salaries fixed by the board of directors of the Chicago bank for the following officers were disapproved, and, pending further action by the board of directors upon their salaries for 1934, the payment of salaries at the rates shown below was approved:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
C. R. McKay	Deputy Governor	\$22,000
H. P. Preston	Deputy Governor	22,000
J. H. Dillard	Deputy Governor	14,500
A. L. Olson	Manager, Loans and Assistant Secretary	5,800

In connection with the salary fixed by the board of directors of the Chicago bank for Mr. J. G. Baskin, Assistant Cashier at the Detroit branch, attention was called to the fact that the proposed salary is at the rate of \$6,000 per annum, which is \$750 less than the salary which was in effect on December 31, 1933, and that no explanation is made by the Chairman as to the reasons for this decrease. Accordingly, action on the salary fixed for Mr. Baskin was deferred pending receipt from the Chairman of advice as to the reasons for the directors' action, and a statement as to whether, in view of all the circumstances, the directors feel it is desirable to retain Mr. Baskin on the payroll of the bank.

The salaries of Mr. J. S. Wood, Chairman of the board of directors of the Federal Reserve Bank of St. Louis and Federal Reserve Agent, and Mr. C. M. Stewart, Assistant Federal Reserve Agent and Secretary, were fixed at the rates of \$20,000 and \$10,000 per annum, respectively, for the year 1934.

Salaries fixed by the board of directors for officers of the Federal Reserve Bank of St. Louis and its branches for the year 1934,

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submitted with the Chairman's letter of January 5, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Wm. McC. Martin	Governor	\$25,000
O. M. Attebery	Deputy Governor	17,000
A. H. Hail	Controller	7,500
S. F. Gilmore	Controller	7,000
F. N. Hall	Controller	6,000
G. O. Hollocher	Controller	4,500
O. C. Phillips	Controller	4,500
E. J. Novy	Auditor	8,000
A. E. Debrecht	Assistant Auditor	3,900

Little Rock Branch

A. F. Bailey	Managing Director	9,000
M. H. Long	Cashier	4,800
C. Wood	Assistant Cashier	3,900

Louisville Branch

John T. Moore	Managing Director	8,000
C. A. Schacht	Cashier	7,000
S. B. Jenks	Assistant Cashier	4,000

Memphis Branch

W. H. Glasgow	Managing Director	10,000
S. K. Belcher	Cashier	5,300
C. E. Martin	Assistant Cashier	4,800

The salary fixed by the board of directors of the St. Louis bank at the rate of \$12,000 per annum for Mr. J. G. McConkey, Deputy Governor and Counsel, was disapproved, but it was understood that the Board would be willing to approve for Mr. McConkey a salary at the rate of \$10,000 per annum for the current year, and, pending further action by the directors, the payment of salary at the latter rate was approved.

The salaries of Mr. J. N. Peyton, Chairman of the board of directors of the Federal Reserve Bank of Minneapolis and Federal Reserve Agent,

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and Messrs. F. M. Bailey and E. W. Swanson, Assistant Federal Reserve Agents, were fixed at the rates of \$20,000, \$7,500, and \$6,000 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Minneapolis and its Helena branch for the year 1934, submitted with the Chairman's letter of January 15, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Wm. B. Geery	Governor	\$25,000
Harry Yaeger	Deputy Governor and Secretary	13,000
Harry I. Ziemer	Deputy Governor and Cashier	8,500
Frank C. Dunlop	Controller	8,000
Harold C. Core	Assistant Cashier	5,500
Arthur R. Larson	Assistant Cashier	5,300
Leonard E. Rast	Assistant Cashier	5,000
W. E. Peterson	Assistant Cashier	4,500
Otis R. Preston	Assistant Cashier	4,500
Sigurd Ueland	Counsel) (retainer)	9,000
Rolf Ueland	Asst. Counsel)	
<u>Helena Branch</u>		
Robert E. Towle	Managing Director	7,000
Albert A. Hoerr	Cashier	4,000
Clinton J. Larson	Assistant Cashier	3,300
Taylor B. Weir	Counsel (retainer)	1,200

The salaries of Mr. M. L. McClure, Chairman of the board of directors of the Federal Reserve Bank of Kansas City and Federal Reserve Agent, Mr. A. M. McAdams, Assistant Federal Reserve Agent and Secretary, and Mr. N. R. Oberwortmann, Assistant Federal Reserve Agent, were fixed at the rates of \$20,000, \$10,000, and \$6,800 per annum, respectively, for the year 1934.

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The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Kansas City and its branches for the year 1934 submitted with the Chairman's letter of January 13, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
Geo. H. Hamilton	Governor	\$25,000
C. A. Worthington	Deputy Governor	16,000
J. W. Helm	Deputy Governor & Cashier	12,000
John Phillips, Jr.	Asst. Cashier	7,000
G. E. Barley	Asst. Cashier	7,000
E. P. Tyner	Asst. Cashier	6,800
M. W. E. Park	Asst. Cashier	6,000
G. H. Pipkin	Asst. Cashier	6,000
S. A. Wardell	Auditor	8,000
H. G. Leedy	Counsel (retainer)	9,600

Denver Branch

Jos. E. Olson	Managing Director	10,000
S. A. Brown	Cashier	4,800
John A. Cronan	Asst. Cashier	4,300

Oklahoma City Branch

C. E. Daniel	Managing Director	10,000
R. O. Wunderlich	Cashier	5,700
R. L. Mathes	Asst. Cashier	4,300

Omaha Branch

L. H. Earhart	Managing Director	10,000
G. A. Gregory	Cashier	6,000
William Phillips	Assistant Cashier	4,800
O. P. Cordill	Assistant Cashier	4,300

In approving the retainer fixed for Mr. Leedy, Counsel, it was understood that he will continue to maintain his office in the Kansas City bank building and pay the regular rental rates for the space occupied.

The salaries of Mr. C. C. Walsh, Chairman of the board of directors of the Federal Reserve Bank of Dallas and Federal Reserve Agent, Mr. C. C.

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Hall, Assistant Federal Reserve Agent and Secretary, and Mr. W. J. Evans, Assistant Federal Reserve Agent, were fixed at the rates of \$20,000, \$9,000 and \$8,500 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of Dallas and its branches for the year 1934, submitted with the Chairman's letter of January 10, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
B. A. McKinney	Governor	\$30,000
R. R. Gilbert	Deputy Governor	15,000
R. B. Coleman	Deputy Governor	10,500
Fred Harris	Cashier	9,600
W. O. Ford	Assistant Deputy Governor	7,000
E. B. Austin	Assistant Cashier	6,000
L. G. Pondrom	Assistant Cashier	6,000
R. O. Webb	Assistant Cashier	5,500
W. P. Clarke	General Auditor	7,000
C. C. True	Assistant Auditor	4,300
Locke, Locke, Stroud and Randolph	Counsel (retainer)	9,000
<u>El Paso Branch</u>		
J. L. Hermann	Managing Director	6,000
Allen Sayles	Cashier	4,200
<u>Houston Branch</u>		
W. D. Gentry	Managing Director	8,000
H. R. DeMoss	Cashier	4,500
<u>San Antonio Branch</u>		
M. Crump	Managing Director	7,500
W. E. Eagle	Cashier	4,500

The salaries of Mr. Isaac B. Newton, Chairman of the board of directors of the Federal Reserve Bank of San Francisco and Federal Reserve Agent,

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Mr. S. G. Sargent, Assistant Federal Reserve Agent and Secretary, and Mr. O. P. Wheeler, Assistant Federal Reserve Agent, were fixed at the rates of \$24,000, \$15,000, and \$6,600 per annum, respectively, for the year 1934.

The salaries fixed by the board of directors for the officers of the Federal Reserve Bank of San Francisco and its branches for the year 1934, submitted with the Chairman's letter of January 5, 1934, were approved as follows:

<u>Name</u>	<u>Title</u>	<u>Salary</u>
John U. Calkins	Governor	\$30,000
Wm. A. Day	Deputy Governor	18,000
Ira Clerk	Deputy Governor	16,000
W. M. Hale	Cashier	11,000
C. E. Earhart	Asst. Cashier	7,200
C. D. Phillips	Asst. Cashier	6,300
H. N. Mangels	Asst. Cashier	6,300
E. C. Mailliard	Asst. Cashier	5,200
J. M. Osmer	Asst. Cashier	5,000
H. F. Slade	Asst. Cashier	5,000
M. McRitchie	Asst. Branch Mgr. at Large	5,300
F. H. Holman	General Auditor	7,200
R. T. Hardy	Auditor	5,000
A. C. Agnew	Counsel (retainer)	10,000
<u>Los Angeles Branch</u>		
W. N. Ambrose	Managing Director	10,000
H. M. Craft	Assistant Manager	6,000
J. M. Leisner	Assistant Manager	5,000
L. C. Meyer	Assistant Cashier	4,500
<u>Portland Branch</u>		
R. B. West	Managing Director	7,200
S. A. MacEachron	Assistant Manager	5,000
J. P. Blanchard	Assistant Cashier	4,200
<u>Salt Lake City Branch</u>		
W. L. Partner	Managing Director	7,500
W. M. Smoot	Acting Asst. Mgr.	4,200
W. M. Scott	Acting Asst. Cashier	3,600

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Seattle Branch

<u>Name</u>	<u>Title</u>	<u>Salary</u>
C. R. Shaw	Managing Director	\$7,200
B. A. Russell	Asst. Manager	4,800
G. W. Relf	Asst. Cashier	3,900

Spokane Branch

D. L. Davis	Managing Director	7,000
Fred C. Bold	Assistant Manager	5,000
A. J. Durm	Assistant Cashier	4,500

Reference was then made to the action of the board of directors of the Federal Reserve Bank of Philadelphia, communicated in the chairman's letter of January 3, 1934, in authorizing the payment to Mr. Howard A. Loeb, who has been selected as a member of the Federal Advisory Council representing the Third Federal Reserve District for the year 1934, of \$100, in lieu of fees and actual expenses, for each meeting of the Council attended by him during the year; to the action of the board of directors of the Federal Reserve Bank of St. Louis, communicated in the chairman's letter of January 5, 1934, in authorizing an allowance of \$1,000 per annum, in lieu of fees and actual expenses, for Mr. Walter W. Smith, who has been selected as a member of the Federal Advisory Council representing the Eighth Federal Reserve District for the current year; and to the action of the board of directors of the Federal Reserve Bank of Dallas, communicated in the chairman's letter of January 10, 1934, in authorizing the payment to Mr. J. H. Frost, who has been selected as a member of the Federal Advisory Council representing the Eleventh Federal Reserve District for the year 1934, of \$300, in lieu of fees and actual expenses,

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for each meeting of the Council attended by him during the current year. It was noted that these allowances are the same as were approved by the boards of directors of the banks involved for the year 1933.

Allowances approved.

Letters dated January 19, 1934, approved by five members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. Andrew Emerine, for permission to serve at the same time as director and officer of The Croghan Bank and Savings Company, Fremont, Ohio, and as director and officer of The First National Bank, Fostoria, Ohio.

Mr. F. L. Sawyers, for permission to serve at the same time as director and officer of the Centerville National Bank, Centerville, Iowa, as director and officer of the Sawyers Savings Bank, Seymour, Iowa, and as director and officer of the Farmers and Merchants State Bank, Cincinnati, Iowa.

Approved.

Letter dated January 20, 1934, approved by six members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. Fred E. Guthery, for permission to serve at the same time as director and officer of The National City Bank & Trust Company, Marion, Ohio, as director and officer of The First National Bank, Forest, Ohio, and as director of The Campbell National Bank, LaRue, Ohio.

Approved.

Letters to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. A. H. Dayton, for permission to serve at the same time as director and officer of the Naugatuck National Bank, Naugatuck,

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Connecticut, and as director and officer of the National Bank of New England, East Haddam, Connecticut.

Mr. Ingeman Asseng, for permission to serve at the same time as director and officer of The First National Bank, McIntosh, Minnesota, and as director of The Northern State Bank, Gonvick, Minnesota.

Mr. George A. Whitman, for permission to serve at the same time as director and officer of the First National Bank of Eveleth, Eveleth, Minnesota, as director and officer of the First State Bank, Tower, Minnesota, and as director and officer of the American Exchange National Bank, Virginia, Minnesota.

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 Middletown, Middletown, New York	210	210
<u>District No. 4.</u>		
First National Bank at Dillonvale, Dillonvale, Ohio	36	
The New First National Bank of Marietta, Marietta, Ohio	<u>105</u>	141
<u>District No. 5.</u>		
The National Bank of Logan, Logan, West Virginia	114	
Webster Springs National Bank, Webster Springs, West Virginia	<u>36</u>	150
<u>District No. 7.</u>		
First National Bank in Fairfield, Fair- field, Iowa	72	72
<u>District No. 10.</u>		
Garden National Bank, Garden City, Kansas	36	36
	<u>Total</u>	<u>609</u>

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<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 6.</u>		
First National Bank, Kissimmee, Florida (Increase in capital through issue of preferred stock, partly offset by decrease in surplus)	12	
The St. Charles National Bank, Norco, Louisiana (Increase in capital through issue of preferred stock)	<u>30</u>	42
<u>District No. 7.</u>		
First National Bank, Chicago, Illinois (Increase in capital through issue of preferred stock, partly offset by decrease in surplus)	6,000	6,000
<u>District No. 10.</u>		
Colorado Springs National Bank, Colorado Springs, Colorado (Increase in capital through issue of preferred stock, part- ly offset by decrease in surplus)	<u>12</u>	<u>12</u>
	Total	6,054
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
First National Bank, East Rutherford, New Jersey (Being liquidated through conservator)	42	
Florida National Bank, Florida, New York (Voluntary liquidation; succeeded by The National Bank of Florida)	<u>75</u>	117
<u>District No. 3.</u>		
First National Bank, Burnham, Pennsyl- vania (Insolvent)	18	18
<u>District No. 4.</u>		
First National Bank, East Palestine, Ohio (Insolvent)	75	75
<u>District No. 5.</u>		
First National Bank, Webster Springs, West Virginia (Being liquidated through conservator)	30	30
<u>District No. 7.</u>		
First National Bank, Stanton, Iowa (Insolvent)	48	

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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., Ludington, Michigan (Being liquidated through conservator)	<u>90</u>	138
<u>District No. 8.</u>		
First National Bank, Owenton, Kentucky (Being liquidated through conservator)	50	50
<u>District No. 9.</u>		
First National Bank, Hampden, North Dakota (Being liquidated through conservator)	18	18
<u>District No. 11.</u>		
Rochelle National Bank, Rochelle, Texas (Voluntary liquidation; absorbed by Commercial National Bank, Brady, Texas)	<u>18</u>	<u>18</u>
	Total	464

Approved.

Thereupon the meeting adjourned.

Colester Monroe

Secretary.

Approved:

E. R. Black

Governor.