

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Wednesday, January 24, 1934, at 4:30 p. m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Bethea, Assistant Secretary

The Committee considered and acted upon the following matters:

Telegram dated January 24, 1934, from Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, 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.

Letter dated January 23, 1934, prepared by the Committee for District No. 3 and approved by six members of the Board, to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letter of January 3, 1934, in regard to the action taken at the meeting of the board of directors of the Federal Reserve Bank of Philadelphia on that date with respect to compensation of officers of the bank and its counsel and the member of the Federal Advisory Council selected by it.

"The proposed changes in salaries for certain officers of the Federal Reserve Bank of Philadelphia have received the careful consideration of the Board. It will be recalled that in a letter to Governor Norris on December 13 the following statement was made:

'As indicated to you at the meeting on Friday, there is a feeling on the part of the members of the Board that in making recommendations for additions to the staff of senior officers consideration should be given to the desirability of obtaining the services of an official who has had broad

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"practical experience in commercial banking, and when this matter has again been given consideration by your directors the Board will be glad to receive their further recommendation in regard to the strengthening of the bank's official staff. In the circumstances, the Board is deferring action on the other changes suggested in your letter.'

"Since then there has been some correspondence between the bank and the Board and the members of the Board's Philadelphia Committee in regard to the question raised in the Board's letter of December 13 as well as the merits of the changes in certain salaries of officers of the bank, particularly those of Messrs. McIlhenny, Davis, Donaldson and Morris. In view of all the circumstances the Board has concluded to defer action for the time being upon these salary changes until the members of the board of directors of the Federal Reserve Bank of Philadelphia have personally looked carefully into the present situation as to the executive personnel of the bank and thereafter a conference has been had with the Federal Reserve Board, either by the full board of the Philadelphia bank or a committee representing the board.

"It will be appreciated if you will take this matter up with the board of directors of the Federal Reserve Bank of Philadelphia and, when the board has completed its study and is ready to confer with the Federal Reserve Board, or to send a committee for that purpose, please let me know, so that arrangements may be made for a time which will be convenient for the purposes of the conference."

Approved.

Letter dated January 23, 1934, approved by six members of the Board, to Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, stating that, in accordance with the recommendation contained in his letters of December 9, 1933, and January 13, 1934, the Board approves changes in the personnel classification plan of the Cleveland bank to provide for five new positions, changes in the maximum salaries of four positions, and changes in the "description of work" and "qualifications required" for a number of positions, all in the bank examination function of the bank. In connection with the new position of "trust examiner" recommended by the bank, the letter stated that the Board does not approve the title of this position;

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suggested that the title of the position be changed to "examiner (trust)"; and requested that the commission given to such examiner designate him as an "examiner" and not as a "trust examiner".

Approved.

Letter dated January 23, 1934, approved by six members of the Board, 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 3, the Board approves changes in the personnel classification plans of the bank and its Denver and Oklahoma City branches to provide for the new positions of "clerk" and "stenographer-clerk" in the fiscal agent-Reconstruction Finance Corporation department of the Oklahoma City branch, and for changes in the salary ranges of four positions at the head office, three positions at the Oklahoma City branch, and two positions at the Denver branch.

Approved.

Letter dated January 23, 1934, approved by six members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"Receipt is acknowledged of your letter of January 16, 1934, requesting that Examiner R. S. Brock, Jr., of the Federal Reserve Bank of Richmond, who has been temporarily assigned to the Division of Examinations in Washington, be released not later than February 1st. Accordingly, Mr. Brock is being advised of your wishes in the matter and will be released in time to report for duty in Richmond February 1, 1934.

"The Board has asked me to express its appreciation of your cooperation in assigning Mr. Brock 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

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"great value in the future in expediting the consideration of matters requiring the review of the examiners both in Richmond and Washington."

Approved.

Telegram dated January 23, 1934, approved by six members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Re Fletcher's wire January 20, 1934 re application of The Peoples Bank and Savings Company, Cincinnati, Ohio, Board grants extension of time to February 20, 1934, within which applicant may accomplish admission to membership."

Approved.

Telegram dated January 23, 1934, approved by six members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Re your telegram January 20 regarding application The Farmers State Bank of Lostant, Lostant, Illinois. Board grants extension of time to February 21, 1934, within which applicant may accomplish admission to membership."

Approved.

Letter dated January 23, 1934, approved by six 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 of 'The St. Paul National Bank', St. Paul, Nebraska, from \$40,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of not less than \$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 bank's surplus and undivided profits, shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$18,100, all as set forth in your memorandum of January 13, 1934."

Approved.

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Letter dated January 23, 1934, approved by six 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 of 'The Citizens National Bank of Ontario', Ontario, California, 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 released capital funds shall be used in eliminating substandard assets and securities depreciation in amount of \$24,706.13 and in augmenting the undivided profits account by \$293.87, all as set forth in your letter of January 15, 1934."

Approved.

Letter dated January 23, 1934, approved by six 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 of 'The First National Bank of Loma Linda', Loma Linda, California, 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 released capital funds shall be used to eliminate substandard assets, all as set forth in your letter of January 17, 1934."

Approved.

Telegram dated January 23, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, stating that the Board has considered the application of "The First National Bank of Birmingham", Birmingham, Alabama, 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 Woodlawn-American National Bank of Birmingham", Birmingham, Alabama
- "The Fairfield-American National Bank", Fairfield, Alabama
- "The Leeds-American National Bank", Leeds, Alabama

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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 applicant shall agree

"(a) that within such time as may be fixed by the Federal Reserve Agent at the Federal Reserve Bank of Atlanta, the undersigned will charge off or otherwise eliminate, 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 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, as shall be determined by a current examination of the undersigned, in such amounts and of such character as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta;

"(b) that so long as the undersigned continues to be affiliated with The First National Company of Birmingham, Birmingham, Alabama, it will use its best efforts to cause said First National Company of Birmingham to perform its obligations under that certain agreement required to be executed by The First National Company of Birmingham, pursuant to condition (1) in the Board's telegram to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta authorizing the granting of a limited voting permit to such company.

"2. Simultaneously with the issuance of the limited voting permit hereby authorized there shall be issued to The First National Company of Birmingham the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta."

and for the following purposes:

"1. To elect directors of said banks at any meeting of their respective 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 respective annual meetings of such banks.

"2. To authorize, at any time prior to April 1, 1934, the creation and issuance, in the manner provided by law, of additional common stock and/or preferred stock of such banks, or any of them, in such amounts and in accordance with such plan or plans as shall be approved by the appropriate supervisory authorities and satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta."

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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 National Bank of Birmingham, a limited voting permit in accordance with the telegram when the conditions prescribed therein have been complied with.

Approved.

In connection with the above there was presented a second telegram dated January 23, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, stating that the Board has considered the application of "The First National Company of Birmingham", Birmingham, Alabama, 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 Woodlawn-American National Bank of Birmingham", Birmingham, Alabama

"The Fairfield-American National Bank", Fairfield, Alabama

"The Leeds-American National Bank", Leeds, Alabama

and has authorized the issuance of a limited voting 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 Atlanta, the undersigned will cause its subsidiary member and nonmember banks to charge off or otherwise eliminate, if they have 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 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, as shall be determined by current

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"examinations of such banks, in such amounts and of such character as may be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta;

"(b) That within such time as may be fixed by the Federal Reserve Agent at the Federal Reserve Bank of Atlanta, the undersigned will cause its subsidiary member and nonmember banks to increase their respective capital funds pursuant to appropriate action, through contribution by stockholders, sale of common and/or preferred stocks or capital notes or debentures, or otherwise, in such amounts as may be satisfactory to the appropriate supervisory authorities and the Federal Reserve Agent at the Federal Reserve Bank of Atlanta.

"2. Simultaneously with the issuance of the limited voting permit authorized hereunder, there shall be issued to The First National Bank of Birmingham, Birmingham, Alabama, the limited voting permit authorized in the Board's telegram of this date to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta."

and for the following purposes:

"1. To elect directors of said banks at any meeting of their respective 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 respective annual meetings of said banks.

"2. To authorize, at any time prior to April 1, 1934, the creation and issuance in the manner provided by law, of additional common stock and/or preferred stock of such banks, or any of them, in such amounts and in accordance with such plan or plans as shall be approved by the appropriate supervisory authorities and satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Atlanta."

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

Approved.

Letters dated January 23, 1934, approved by five members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

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Mr. John W. Barr, Jr., for permission to serve at the same time as director of the Citizens Union National Bank, Louisville, Kentucky, and as director of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Mr. William Marshall Bullitt, for permission to serve at the same time as director of the Citizens Union National Bank, Louisville, Kentucky, and as director of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Mr. S. A. Culbertson, for permission to serve at the same time as director of the Citizens Union National Bank, Louisville, Kentucky, and as director of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Mr. John R. Downing, for permission to serve at the same time as director and officer of the Citizens Union National Bank, Louisville, Kentucky, and as director of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Mr. J. D. Stewart, for permission to serve at the same time as director and officer of the Citizens Union National Bank, Louisville, Kentucky, and as director and officer of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Mr. James Ross Todd, for permission to serve at the same time as director of the Citizens Union National Bank, Louisville, Kentucky, and as director of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Mr. Menefee Wirgman, for permission to serve at the same time as director of the Citizens Union National Bank, Louisville, Kentucky, and as director and officer of the Fidelity & Columbia Trust Company, Louisville, Kentucky.

Approved.

Letter dated January 23, 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. H. F. Bonnel, for permission to serve at the same time as director and officer of the Union Center National Bank, Union, Union County, New Jersey, and as officer of the Peoples National Bank & Trust Company, Irvington, New Jersey.

Approved.

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

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
The Enosburg Falls National Bank, Enosburg Falls, Vermont	36	36
<u>District No. 2.</u>		
The National Bank of Windham, Windham, New York	36	36
<u>District No. 4.</u>		
Port Clinton National Bank, Port Clinton, Ohio	66	66
<u>District No. 8.</u>		
Ohio Valley National Bank of Henderson, Henderson, Kentucky	150	150
	<u>Total</u>	<u>288</u>

Approved.

Thereupon the meeting adjourned.

Oliver Morier
Secretary.

Approved:

E. R. Beach
Governor.