

A meeting of the Federal Reserve Board was held in Washington on Thursday, January 25, 1934, at 3:45 p.m.

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

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

The minutes of the meetings of the Federal Reserve Board held on January 16, 18, and 19, 1934, and the minutes of the meeting of the Federal Reserve Board with Governors of Federal reserve banks held on January 20, 1934, were approved.

The Board then considered and acted upon the following matters:

Telegram dated January 25, 1934, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, advising that, at a meeting of the board of directors today, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated January 22, 1934, from Mr. Morrill, recommending approval of the appointment of Mr. John N. Kiley, Jr., as a file clerk in the Board's general files, with salary at the rate of \$1,500 per annum, effective as of the date upon which he enters upon the performance of his duties.

Approved.

Memorandum dated January 23, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, stating that Mrs. Julia Haigh, a statistical clerk in the division, is out of town on account of illness and death in her family and will not be able to report for duty for some time, and recommending that she be granted a leave of

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absence without pay for a period not to exceed thirty days beginning January 25, 1934.

Approved.

Letter dated January 24, 1934, approved by five members of the Board, to Governor Norris of the Federal Reserve Bank of Philadelphia, reading as follows:

"Mr. Hamlin has brought to the attention of the Board your letter of January 22 in regard to the need in the Federal Reserve Bank of Philadelphia of an additional executive officer who has had practical experience and training in commercial banking.

"In a separate letter dated January 23 to Mr. Austin concerning proposed changes in salaries of certain officers of the Federal Reserve Bank of Philadelphia for the year 1934 the Board stated that it 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.

"The Board has read with interest your opinion as to what a report from the directors of the bank would have to be. Nevertheless, it is the Board's view that since the question has been raised the situation should be canvassed further, and therefore that the members of the board of directors of the Federal Reserve Bank of Philadelphia should make an independent personal study and reach their own conclusions so that they may be prepared to discuss with the Federal Reserve Board, in a conference such as that suggested in the letter to Mr. Austin, their views with respect to the management and executive personnel of the bank and any need that may exist in the management and executive personnel of the bank on the basis of the knowledge gained through their separate investigation of the matter."

Approved.

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

"Mr. Post's undated letter received January 23. Board approves designation of George C. Robinson and William Hirst as special assistants to examiners in Federal Reserve Agent's department your bank at salary rates of \$1,800 and \$2,520 per annum

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"respectively. Please advise dates upon which they assume duties as such."

Approved.

Letter to the board of directors of "The Bank of Toronto, of Toronto, South Dakota", stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Minneapolis.

Approved.

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

"Receipt is acknowledged of your letter of January 12, 1934, requesting advice as to whether it will be necessary for the Somerville Trust Company, Somerville, Massachusetts, to obtain a further extension of time within which to comply with the following condition of membership:

'3. You shall, within one year from the date of the annual meeting of your shareholders to be held on January 12, 1932, further increase the paid-up and unimpaired capital and surplus of your company to \$250,000 and \$200,000, respectively, through the sale of additional shares of the stock of your company for cash.'

"On February 9, 1933, the Board granted the bank an extension of one year from January 12, 1933, within which to comply with this condition. It now appears, however, that the unimpaired capital and surplus of the bank have not been increased, although the bank has made application to the Reconstruction Finance Corporation for the purchase by that corporation of \$200,000 of preferred stock.

"It is understood that under the laws of Massachusetts the Bank Commissioner cannot, in this instance, give his approval to the issuance of such stock, although a bill is pending before the present session of the legislature of the Commonwealth of Massachusetts which would authorize him to do so. In view of the circumstances, the Board feels that the bank should make application for a further extension of time within which to comply with the condition, which application should be forwarded to the Board, together with your recommendation in the matter."

Approved.

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

"Refer Fry's letter of January 23 re application of The Bank of Rainelle, West Virginia. Board grants extension of time to February 27, 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:

"Receipt is acknowledged of Mr. Young's letter of January 16, 1934, regarding the application for membership of the Wayne State Bank, Wayne, Michigan, newly organized institution which was granted a charter on December 27, 1933.

"Mr. Young states that it has been the understanding of your department that the Board has taken the position that in cases of this kind the application should be deferred until the bank has been in operation for a sufficient length of time to determine its success, with particular reference to the capability of the management, or at least until one examination of the institution has been made by State authorities, and asks to be advised if this correctly states the Board's position.

"A newly organized bank is eligible for membership in the System and whether its application should be approved or deferred depends upon the circumstances in each case. If the newly organized bank is not the outgrowth of a questionable reorganization, if it is to be under management considered capable, and if there is need for the banking facilities to be provided, there is no reason why consideration should not be given immediately to the application. If, on the other hand, the newly organized bank is the result of a reorganization in which the depositors have suffered loss and there is serious question as to the favorable reaction of the public towards the new institution, if the management is of unknown or questionable ability, if the community is already provided with adequate banking facilities, or if for any other reason the Federal Reserve Agent has grave doubt as to the ability of the applying bank to maintain a sound condition, it is entirely proper that action on the application be deferred until the Federal Reserve Agent is satisfied that the bank has gained public support and is operating under capable management. In this connection, attention is called to the Board's letter of August 21, 1933 (X-7556)."

Approved.

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

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"Your telegram January 20 re membership application of the State Bank of Aurora, Minnesota. Board grants an extension of time until February 24, 1934 within which bank may accomplish its membership in the system."

Approved.

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

"Reference is made to Mr. Bailey's letters of January 4, 1934 and January 8, 1934, forwarding advice with respect to the compliance with conditions numbered 17 to 21, inclusive, prescribed by the Board in connection with the application for membership of the Farmers State Bank, Winner, South Dakota.

"Condition numbered 17 prescribed that the bank increase the carrying value of its other real estate by the amount of the prior lien on one of the properties and show such prior lien, which had been assumed by the institution, as a liability of the bank. The president of the bank has advised that the mortgaged property has been charged off and that consequently it is assumed that it would not be necessary to show the mortgage as a liability. Until the bank has legally been relieved of the obligation to pay the lien, the mortgage remains a liability of the bank and should be so reported, even though the property has been charged off. It is requested, therefore, that you advise the bank accordingly.

"The information submitted with Mr. Bailey's letter of January 4, 1934, with respect to the charge-offs made prior to admission to membership does not show whether the amount owing on the 1932 Guaranty Fund Assessment has been paid, as required by condition numbered 18. It is requested that advice be forwarded as to whether this has been done. The Board wishes, also, to be advised if the charge-offs as prescribed in condition numbered 18 were accomplished without impairment of the bank's capital of \$25,000 and surplus of \$5,000.

"Mr. Bailey's letter of January 8, 1934, states that the president of the Farmers State Bank had reported that the branch office of the bank located at Witten, South Dakota, had been discontinued prior to January 1, 1934, as required under condition of membership numbered 21. Condition numbered 21, however, prescribed that the operation of such branch be discontinued prior to admission to membership, which was on October 5, 1933. While Mr. Bailey's letter does not indicate the exact date the branch was discontinued, it would appear that the branch office was not discontinued until after the date of the bank's admission to membership. Your advice in this connection will be appreciated.

"It will be appreciated, also, if you will obtain and forward a statement of your counsel as to the sufficiency of the resolution of the board of directors of the Farmers State Bank accepting the conditions of membership, in accordance with the

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"Board's circular letter X-7461 of June 21, 1933."

Approved.

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

"Refer Sargent's wire January 22 re application of the Bank of Newman, California. Board grants extension of time to March 1, 1934 within which bank may comply with conditions of membership."

Approved.

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

"Receipt is acknowledged of your letter of January 10, 1934, in which you report that the First National Bank, Hale Center, Texas, after being continuously below the legal reserve requirements for a period of two years and eight and one-half months, restored its reserves to the required amount for the period December 1 to 15, 1933, but that for the last computation period in December will again show a deficiency. It is noted that you have written the bank in regard to this lapse and that you will keep the Board advised as to future developments. The Board is therefore taking no action in the matter at this time, other than to forward a copy of your letter to the Comptroller of the Currency for the information of his office."

Approved.

Letter to "The San Jacinto National Bank of Houston", Houston, Texas, reading as follows:

"The Federal Reserve Board approves the application made by the organizers of your 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 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.

"You are requested to have your board of directors adopt a resolution ratifying the application made by your organizers for permission to exercise trust powers, and it is requested that a

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"certified copy of the resolution so adopted be forwarded to the Federal Reserve Board for its records as soon as possible. When a copy of such resolution has been received by the Board, a formal certificate covering your authority to exercise trust powers as set forth above will be sent to you. In the meantime, this letter will serve as your authority to exercise such powers.

"The Board feels that, if you are tendered any of the trusts now held by the San Jacinto Trust Company, you should carefully scrutinize the condition of these trusts and should not accept any of them which, through their assumption, may be detrimental to the interests of your institution. In this connection, particular reference is made to those trust accounts and practices which were the subject of criticism by the national bank examiner in his report of examination of the San Jacinto Trust Company as of September 9, 1933, and which should not be permitted in the trust department of your 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 Farmers National Bank of Amsterdam', Amsterdam, New York, from \$500,000 to \$200,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$300,000 par value preferred stock to the Reconstruction Finance Corporation and/or others, and that the released capital funds shall be used in eliminating securities depreciation, all as set forth in your memorandum of January 17, 1934.

"In considering the plan under which the reduction of common capital stock is to be effected it was noted that released capital funds are not sufficient to provide for the elimination of depreciation in securities amounting to approximately \$243,458, which if considered a loss, will impair the bank's common capital approximately \$87,000, in addition to which there will remain in the bank doubtful items amounting to \$9,000 and slow items amounting to \$252,805. 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 dated January 24, 1934, approved by five members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

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"The Federal Reserve Board approves a reduction in the common stock of the 'First National Bank of Tuscaloosa', Tuscaloosa, Alabama, from \$150,000 to \$75,000, pursuant to a plan which provides that the bank's capital shall be increased by \$200,000 par value 'A' preferred stock to be sold to the Reconstruction Finance Corporation and \$125,000 par value 'B' preferred stock to be sold locally, and that the funds released by the reduction in common capital stock, together with \$75,000 from the bank's surplus and/or undivided profits, shall be used to eliminate substandard assets and depreciation in investment securities in the amount of \$150,000, all as set forth in your letter of January 16, 1934.

"In considering the plan under which the reduction in common capital stock is to be effected, it was noted that after completion of the proposed adjustment, there will remain in the bank approximately \$69,000 of estimated losses and approximately \$136,000 of depreciation in securities investments, the total of such losses and depreciation, i.e., \$205,000, being sufficient to eliminate the bank's undivided profits, surplus and common capital stock and to impair its preferred stock to the extent of approximately \$29,000. It appears, however, that you have this condition in mind and it is assumed that, whenever it may be feasible to do so, you will require such further corrections as may be practicable."

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 First National Bank of Piedmont', Piedmont, Alabama, from \$50,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$25,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock shall be used to eliminate a corresponding amount of substandard assets, all as set forth in your letter of January 19, 1934."

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 First National Bank & Trust Company of Vicksburg', Vicksburg, Mississippi, from \$500,000 to \$200,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$500,000 par value preferred stock

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"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, undivided profits and reserves, shall be used to eliminate unsatisfactory assets and depreciation in investment securities in the amount of approximately \$511,051, all as set forth in your letter of January 3, 1934, as amended by your letter of January 19, 1934.

"In considering the plan under which the reduction in common capital is to be effected it has been noted that there will remain in the bank's assets depreciation in investment securities of approximately \$191,000, an amount sufficient to impair the bank's common capital to the extent of approximately \$85,000. There will also remain an excessive aggregate of slow and nonliquid assets, including a heavy investment in banking house and other real estate. 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. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Receipt is acknowledged of Mr. Young's letter of January 18, 1934, advising of the proposed reduction in the common capital stock of the 'Eaton County Savings Bank', Charlotte, Michigan, from \$100,000 to \$50,000, pursuant to a plan of reorganization of such bank which provides for an assessment against the shareholders, a waiver by creditors of 40% of their unsecured claims, and the elimination of \$394,576.59 of assets which are to be trusteeed for the benefit of waiving creditors, and recommending that the reduction in common capital stock be approved.

"Since it appears from the information submitted that an assessment has been levied against the shareholders and that an amount equal to the proposed reduction in capital has been collected and will be utilized as new capital, and that the entire amount of the present capital, surplus, and undivided profits and the proceeds of the forty per cent waiver by unsecured creditors 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 in capital 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. The Board understands that your counsel has considered the case and is satisfied as to its legal aspects, that such reduction in the common capital stock 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 Commissioner of the Banking Department and the Governor of the

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"State of Michigan."

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 Farmers National Bank of Princeton', Princeton, Kentucky, from \$75,000 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 shall be used to eliminate a corresponding amount of standard assets and securities depreciation, all as set forth in your memorandum of January 13, 1934.

"In considering the plan under which the reduction in common capital is to be effected, it has been noted that, on the basis of the requirements as set forth by the Reconstruction Finance Corporation and to which your memorandum refers, there will remain in the bank after the proposed adjustments have been effected, estimated losses and securities depreciation sufficient to impair the bank's common capital to the extent of approximately \$17,775. If the \$15,000 contribution recommended by the Reconstruction Finance Corporation's Examiner is not made, the capital impairment will, of course, be that much greater. 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.

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 Fayetteville', Fayetteville, Arkansas, from \$150,000 to \$125,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$125,000 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 reduce in a corresponding amount the deficiency note given by the Arkansas National Bank to the subject bank, all as set forth in your memorandum of January 8, 1934.

"In considering the plan under which the reduction in common capital stock is to be effected, it was noted that no provision was

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"made for the elimination of depreciation in securities of \$92,790, doubtful assets of \$49,848, and estimated losses of \$6,150, as shown by the memorandum of National Bank Examiner Harrison dated December 15, 1933, the losses and depreciation being sufficient to impair the bank's common capital to the extent of approximately \$33,600, without giving consideration to potential losses in the doubtful assets. 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.

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 Brownfield', Brownfield, Texas, from \$50,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$25,000 par value preferred stock to the Reconstruction Finance Corporation, and that the funds released by the reduction in common capital stock, together with the bank's surplus of \$8,000, shall be used to eliminate unsatisfactory assets aggregating approximately \$33,000, all as set forth in your letter of January 9, 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 Walla Walla', Walla Walla, Washington, from \$200,000 to \$150,000, 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 capital reduction, together with a contribution of \$200,000 by shareholders, funds derived from the sale of substandard bonds and eliminated assets, and a portion of the bank's surplus and undivided profits accounts, shall be used to eliminate unsatisfactory assets aggregating approximately \$741,100, all as set forth in your letter of January 15, 1934 and the accompanying detailed plan of rehabilitation dated December 30, 1933."

Approved.

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Telegram to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, stating that the Board has considered the application of the "Woodlawn Trust Company", Aliquippa, Pennsylvania, 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 Aliquippa", Aliquippa, Pennsylvania, and has authorized the issuance of a limited permit to the applicant for the following purposes:

"To elect directors of said bank at any meeting of its 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 meetings of said bank."

Approved.

Telegram dated January 24, 1934, approved by six members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, stating that the Board has considered the application of the "Consolidated Securities Company", San Francisco, California, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Longview", Longview, Washington, and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

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

and for the following purpose:

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"To reduce the common capital stock of such bank from \$125,000 to \$75,000 and to authorize the creation and issuance of preferred stock of such bank all in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities and which shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco."

Approved.

In connection with the above there was presented a second telegram dated January 24, 1934, approved by six members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, stating that the Board has considered the application of the "Anglo National Corporation", San Francisco, California, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Longview", Longview, Washington, and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

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

and for the following purpose:

"To reduce the common capital stock of such bank from \$125,000 to \$75,000 and to authorize the creation and issuance of preferred stock of such bank all in accordance with a plan or plans which shall be approved by the appropriate supervisory authorities and which shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of San Francisco."

Approved, together with a letter dated January 24, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

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"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Longview', Longview, Washington, from \$125,000 to \$75,000, 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 shall be used to eliminate substandard assets and securities depreciation in the amount of approximately \$50,000, all as set forth in your letter of January 12, 1934."

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

"(1) To authorize at any time prior to April 1, 1934, the creation and issuance, in the manner provided by law, of preferred stock of such bank 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 San Francisco.

"(2) To elect directors of such bank at any 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 stated also that consideration of the issuance of a limited permit for a vote to reduce the capital stock of The First National Bank of Ferndale will be given if and when the Board receives the customary advice from the Comptroller of the Currency as to details of the plan of reduction.

Approved.

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Telegram to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, stating that the Board has considered the application of the "Rawlins Securities Company", Salt Lake City, Utah, for a voting permit under authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in the following banks:

- "The First National Bank of Caldwell", Caldwell, Idaho.
- "The Hailey National Bank", Hailey, Idaho.
- "The Commercial National Bank of Saint Anthony", Saint Anthony, Idaho.

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

"Prior to the issuance of such permit applicant shall deliver to you in triplicate Exhibit L duly executed by Rexburg State Bank, Rexburg, Idaho, and Exhibit N duly executed by applicant with the consent of the said bank indorsed thereon, unless counsel to the Federal Reserve Bank of San Francisco is satisfied that such execution and consent of Rexburg State Bank are not required by the provisions of the Board's Regulation P or the directions on F.R.B. forms P-3 and P-4."

and for the following purposes:

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

Approved.

Letter dated January 24, 1934, approved by six members of the Board, to Mr. Harvey Page, President of the Safety Shipment Corporation, New York, New York, reading as follows:

"I have your letter of December 29 in regard to correspondence which you have had with the Treasury Department with

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"respect to certain 'Safety Shipment Check and Trade Acceptance Forms'.

"It appears upon review of this correspondence that there is no action on the part of the Federal Reserve Board which would be required or appropriate in this matter at this time. Therefore it would seem that a visit for the purpose of laying the matter before the Federal Reserve Board or its staff would not be necessary."

Approved.

Letter to Mr. J. Warren Smith, Assistant, Finance Division,
Agricultural Adjustment Administration, Department of Agriculture,
Washington, D. C., reading as follows:

"Governor Black has turned over to me your letter of January 17 in which you ask for any suggestions we may have to offer with regard to statements made in an inclosed letter from Mr. Henry O. Putnam, County Extension Agent at Bismarck, North Dakota, in connection with the practice of banks in charging a fee for the cashing of Federal checks.

"Mr. Putnam states that 'I believe their charging for these Federal checks is rather unfair when Federal Reserve money is held in our local banks'. The Federal Reserve banks do not have any money on deposit with the local banks and, no doubt, he refers to deposits made by the United States Government in the local banks.

"Section 13 of the Federal Reserve Act provides among other things that 'nothing in this or any other section of this act shall be construed as prohibiting a member or nonmember bank from making reasonable charges, to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise; but no such charges shall be made against the Federal Reserve banks'.

"While the Federal Reserve Board has issued a regulation governing clearing and collection of checks through the Federal Reserve banks, it has not included therein any regulation in regard to the charges which banks may make for the payment or collection of checks, and, as you will note from the above-quoted excerpt from Section 13, the Board has no authority to prevent member or non-member banks from making such charges. It may be, however, that if your office addressed a communication to the banks in question, asking them to cooperate with the department's program, they might be willing to waive such charges on Federal checks drawn by agents of the Agricultural Adjustment Administration."

Approved.

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Memorandum dated January 25, 1934, from Mr. Morrill stating that advice has been received of the appointment by the boards of directors of the various Federal reserve banks of the following directors at the respective branches, each for a term of three years beginning January 1, 1934, unless otherwise indicated:

<u>Name</u>	<u>Address</u>	<u>Branch</u>
*George F. Rand	Buffalo, N. Y.	Buffalo
*B. H. Kroger	Cincinnati, Ohio.	Cincinnati
Lloyd W. Smith	Pittsburgh, Pennsylvania.	Pittsburgh
*Morton M. Prentis	Baltimore, Maryland.	Baltimore
*Robert Gage	Chester, South Carolina.	Charlotte
*W. E. Henley	Birmingham, Alabama.	Birmingham
George J. Avent	Jacksonville, Florida.	Jacksonville
*C. A. Craig	Nashville, Tennessee.	Nashville
*J. D. O'Keefe	New Orleans, Louisiana.	New Orleans
*George B. Morley	Saginaw, Michigan.	Detroit
W. A. Brown	Bedford, Indiana.	Louisville
Wm. R. King	Memphis, Tennessee.	Memphis
*W. A. Hicks	Little Rock, Arkansas.	Little Rock
##*T. A. Marlow	Helena, Montana.	Helena
(1)A. R. McDermott	Billings, Montana.	Helena
*W. Dale Clark	Omaha, Nebraska.	Omaha
*Harold Kountze	Denver, Colorado.	Denver
*F. T. Chandler	Chickasha, Oklahoma.	Oklahoma City
*Sam D. Young	El Paso, Texas.	El Paso
*A. A. Horne	Galveston, Texas.	Houston

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<u>Name</u>	<u>Address</u>	<u>Branch</u>
*George C. Hollis	Eagle Pass, Texas.	San Antonio
#*D. W. Twohy	Spokane, Washington.	Spokane
(2)George H. Greenwood	Seattle, Washington.	Seattle
#*H. E. Hemingway	Ogden, Utah.	Salt Lake City
#*J. C. Ainsworth	Portland, Oregon.	Portland
#*F. J. Belcher, Jr.	San Diego, California.	Los Angeles

* Reappointment.

Two year term.

- (1) For the unexpired portion of the term ending December 31, 1934, to succeed Mr. S. McKennan, deceased.
- (2) Mr. Greenwood has been appointed for the unexpired portion of the term ending December 31, 1935, to succeed Mr. M. A. Arnold, who was reappointed for the two year term beginning January 1, 1934, but has resigned since that date.

Noted.

Memorandum dated January 25, 1934, from Mr. Morrill stating that advice has been received of the selection by the boards of directors of the Federal reserve banks of the following members of the Federal Advisory Council for the year 1934:

<u>District</u>	<u>Name and Affiliation</u>
No. 1	*Thomas M. Steele, President, First National Bank and Trust Company of New Haven, Connecticut.
No. 2	*Walter E. Frew, Chairman, Corn Exchange Bank Trust Company, New York, New York.
No. 3	*Howard A. Loeb, Chairman, Tradesmens National Bank and Trust Company, Philadelphia, Pennsylvania.
No. 4	*H. C. McEldowney, President, Union Trust Company, Pittsburgh, Pennsylvania.

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<u>District</u>	<u>Name and Affiliation</u>
No. 5	*Howard Bruce, President, Baltimore National Bank, Baltimore, Maryland. #*Charles E. Rieman, President, Western National Bank, Baltimore, Maryland.
No. 6	H. Lane Young, Executive Vice President and Manager, Citizens and Southern National Bank, Atlanta, Georgia.
No. 7	*Melvin A. Traylor, President, First National Bank, Chicago, Illinois. #*Solomon A. Smith, President, Northern Trust Company, Chicago, Illinois.
No. 8	*Walter W. Smith, President, First National Bank in St. Louis, Missouri.
No. 9	*Theodore Wold, President, Northwestern National Bank, Minneapolis, Minnesota.
No. 10	*W. T. Kemper, Chairman, Commerce Trust Company, Kansas City, Missouri.
No. 11	*J. H. Frost, President, Frost National Bank, San Antonio, Texas. #*W. W. Woodson, President, First National Bank, Waco, Texas.
No. 12	M. A. Arnold, President, First National Bank, Seattle, Washington.

*Reappointment.

#Alternate.

Noted.

Reference was made to the fact that the leases approved by the Board on August 29, 1933, and January 3, 1934, covering space occupied by the Board on the sixth floor of the Shoreham Building, located at Fifteenth and H Streets, N. W., Washington, D. C., expire on February 28, 1934, with an option on the part of the Board to renew for the period beginning on March 1, 1934, and ending June 30, 1937, subject to the right of the Board to terminate the renewed lease at any time upon notice in writing

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to the lessor of not less than ninety days prior to the date of termination, and there was presented a letter dated January 25, 1934, approved by five members of the Board, to the Shoreham Investment Company, Incorporated, reading as follows:

"In pursuance of the right of renewal given to the Federal Reserve Board by certain leases made to it by your company, there is inclosed a form of lease in triplicate for office space on the sixth floor of the Shoreham Building, 15th and H. Streets, North West, Washington, D. C.

"The Federal Reserve Board has approved the inclosed renewal lease, and it will be appreciated if you will execute the three originals which are inclosed and return them to this office. When they have been executed on behalf of the Federal Reserve Board, one executed original will be returned to you."

The new lease covered the rental, at the rates provided in the original leases, of all of the space now occupied by the Board on the sixth floor of the Shoreham Building for the period beginning March 1, 1934 and ending June 30, 1937, subject to the right in the Board to terminate the lease on ninety days notice, and extended for one year from the date of the new lease the option on the part of the Board which was contained in the lease approved on January 3 to lease the remaining two portions of space on the sixth floor.

Lease and letter approved.

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

Mr. Jos. A. Olson, for permission to serve at the same time as a director of The First National Bank of Thompson, Thompson, North Dakota, and as director and officer of The First National Bank of Buxton, Buxton, North Dakota.

Approved, together with a letter to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

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"There is inclosed copy of a permit issued pursuant to the provisions of the Clayton Act to Mr. Jos. A. Olson covering his service as a director and officer of The First National Bank of Buxton, Buxton, North Dakota, and as director of The First National Bank of Thompson, Thompson, North Dakota.

"It appears from your report on Form 94b that the two banks named in the application are being operated on a liquidation basis and that both institutions need strengthening both financially and in personnel. It appears further that The First National Bank of Buxton is in such poor condition that losses, bond depreciation and doubtful loans are more than sufficient to wipe out its entire capital structure and that it is merely a question of time until a receiver is appointed. It appears also that The First National Bank of Thompson is in poor condition, has weak management and the stockholders intend to liquidate it as soon as practicable.

"Form 94a, executed by The First National Bank of Buxton, indicates that Mr. Olson has been an officer of that institution since 1924, although he was not elected a director until July 1933. Moreover, Form 94a, executed by The First National Bank of Thompson, indicates that Mr. Olson has been a director of that institution since January 1925.

"In view of all the circumstances in this case, and the further fact that your recommendation that the permit be granted was predicated on the assumption that the two institutions will obtain needed additional capital either from the stockholders or government agencies prior to July 1, 1934, the Board feels that this permit should be considered as of a temporary character and that you should review the situation in the light of the foregoing comments not later than July 1, 1934, and at that time submit your recommendation as to whether or not the permit should be revoked."

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

Mr. Thomas W. Miller, for permission to serve at the same time as a director of The National City Bank of Cleveland, Cleveland, Ohio, and as a director of the First National Bank, Ashland, Ohio.

Mr. Eugene Woods, for permission to serve at the same time as a director and officer of the First National Bank, Rimersburg, Pennsylvania, and as a director and officer of the Sligo National Bank, Sligo, Pennsylvania.

Mr. Oliver Jernagan, Jr., for permission to serve at the same time as a director of The First National Bank in Milton, Milton, Florida, and as a director and officer of The First Bank and Trust Company of Pensacola, Florida.

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Mr. W. J. Kelly, for permission to serve at the same time as a director of The Barnett National Bank of Jacksonville, Jacksonville, Florida, and as an officer and director of the Tropical State Bank, Lake Placid, Florida.

Mr. George J. Labau, for permission to serve at the same time as a director and officer of the New Iberia National Bank, New Iberia, Louisiana, and as a director and officer of the First National Bank, Jeanerette, Louisiana.

Mr. C. B. Clark, for permission to serve at the same time as a director of the First National Bank, Neenah, Wisconsin, and as a director of the First National Bank of Appleton, Appleton, Wisconsin.

Mr. Ernest McDowell, for permission to serve at the same time as a director and officer of the First National Bank of Lake Park, Iowa, as a director and officer of the Security State Bank, Sutherland, Iowa, and as a director and officer of the Security State Bank, Hartley, Iowa.

Mr. R. E. Harding, for permission to serve at the same time as a director and officer of the Fort Worth National Bank, Fort Worth, Texas, and as a director of the Federal Reserve Bank of Dallas, Dallas, Texas.

Approved.

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

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 4.</u>		
The Union National Bank at McKeesport, McKeesport, Pennsylvania	135	135
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
Larchmont National Bank & Trust Co., Larchmont, New York (Insolvent)	180	180
<u>District No. 7.</u>		
First National Bank, Chadwick, Illinois (Insolvent)	57	
First National Bank, Vermilion, Illinois (Insolvent)	28	
First National Bank, Cayuga, Indiana (Insolvent)	33	
City National Bank, Goshen, Indiana (Being liquidated through conservator)	102	

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<u>Applications for SURRENDER of Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 7. (Continued)</u>			
Shenandoah National Bank, Shenandoah, Iowa (Being liquidated through conservator)	75		
First National Bank, Mayville, Wisconsin (Being liquidated through conservator)	<u>37</u>		332
<u>District No. 8.</u>			
First National Bank, Altamont, Illinois (Being liquidated through conservator)	36		36
<u>District No. 9.</u>			
First Kenmare National Bank, Kenmare, North Dakota (Insolvent)	30		
First National Bank in Durand, Durand, Wisconsin (Being liquidated through conservator)	<u>36</u>		66
<u>District No. 10.</u>			
Nebraska National Bank, Grand Island, Nebraska (Being liquidated through conservator)	78		
First National Bank, Ponca City, Oklahoma (Insolvent)	<u>69</u>		147
	<u>Total</u>		<u>761</u>

Approved.

Thereupon the meeting adjourned.

Wesley H. Nowick
Secretary.

Approved:

E. R. Black
Governor.