

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Saturday, February 10, 1934, at 11:00 a.m.

PRESENT: Mr. Hamlin, Chairman Executive Committee  
Mr. Miller  
Mr. Thomas  
Mr. Szymczak

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

The Committee considered and acted upon the following matters:

Telegram, sent on February 9, 1934, with the approval of four members of the Board, to Mr. Newton, Chairman of the Federal Reserve Bank of Atlanta, replying to a telegram of the same date from Mr. Clark, Secretary of the Atlanta bank, stating that the board of directors of the bank, at its meeting on that date, voted to establish a rediscount rate of 3% on rediscounts of eligible paper for member banks and advances to member banks under the provisions of sections 13 and 13(a) of the Federal Reserve Act, as amended, effective the first business day following that on which approved by the Federal Reserve Board, and a rate of 3% on Government securities under repurchase agreements; also, that, subject to the approval of the Federal Reserve Board, the directors had authorized the executive committee to fix a rate of not less than 5% on discounts for individuals, partnerships and corporations under the provisions of section 13 of the Federal Reserve Act, as amended by the Act of July 21, 1932, and a rate of not less than 4% on advances to individuals, partnerships and corporations secured by direct obligations of the United States under the provisions of section 13 of the Federal Reserve Act, as amended by Section 403 of the Act of March 9, 1933.

The reply stated that the Board approved for the Federal Reserve Bank

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of Atlanta the rediscount rate of 3%, effective February 10, 1934, and the rate of 3% on Government securities under repurchase agreements. The reply stated also that the Board will act on the rates fixed by the executive committee of the Federal Reserve Bank of Atlanta, under authority of the board of directors, on advances to individuals, partnerships or corporations under section 13 of the Federal Reserve Act upon receipt of advice of action by the executive committee.

Approved.

Telegraphic reply, sent on February 9, 1934, with the approval of five members of the Board, to a telegram dated February 8 from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, stating that the board of directors of the bank, at its meeting on that date, voted to establish, subject to review and determination of the Federal Reserve Board, a rate of 3 1/2% for all advances to individuals, partnerships and corporations on the promissory notes of such individuals, partnerships or corporations secured by direct obligations of the United States under the provisions of section 13 of the Federal Reserve Act, effective immediately. The reply stated that the Board approves for the New York bank the rate of 3 1/2% fixed by the directors, effective February 8, 1934.

Approved.

In connection with the above there was presented a letter dated February 8, 1934, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, stating that, other than the establishment of the rate of 3 1/2% on advances to individuals, partnerships or corporations, no change was made in the schedule of rates of discount and purchase in effect at the bank.

Without objection, noted with approval.

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Telegram dated February 9, 1934, from Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, advising that, at a meeting of the board of directors on that date, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated February 5, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending that he be authorized to negotiate with Mr. Burton P. Allen for his employment by the Board as a Federal reserve examiner, with salary at a rate not to exceed \$5,000 per annum, effective as of the date upon which he enters upon the performance of his duties. The recommendation was approved by five members of the Board on February 9, 1934.

Approved.

In connection with the above there was presented a second memorandum, dated February 9, 1934, from Mr. Paulger stating that he had negotiated with Mr. Allen for his employment as a Federal reserve examiner and that Mr. Allen had agreed to accept the position, with salary at the rate of \$5,000 per annum, effective as of the date upon which he enters upon the performance of his duties.

Mr. Allen was appointed an examiner for all purposes of the Federal Reserve Act, as amended, and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board, and was designated a Federal reserve examiner, with salary at the rate of \$5,000 per annum; all effective as of the date upon which he enters upon the performance of his duties.

Memorandum dated February 6, 1934, from Mr. Paulger, Chief of

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the Division of Examinations, recommending that he be authorized to negotiate with Mr. Gerald M. Conkling for his employment by the Board as an assistant Federal reserve examiner, with salary at a rate not to exceed \$4,500 per annum, effective as of the date upon which he enters upon the performance of his duties. The recommendation was approved by five members of the Board on February 8, 1934.

Approved.

In connection with the above there was presented a second memorandum, dated February 8, 1934, from Mr. Paulger stating that he had negotiated with Mr. Conkling for his employment as an assistant Federal reserve examiner and that Mr. Conkling had agreed to accept the position, with salary at the rate of \$4,500 per annum, effective as of the date upon which he enters upon the performance of his duties.

Mr. Conkling was appointed an examiner for all purposes of the Federal Reserve Act, as amended, and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board, and was designated an assistant Federal reserve examiner, with salary at the rate of \$4,500 per annum; all effective as of the date upon which he enters upon the performance of his duties.

Memorandum dated February 6, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending that he be authorized to negotiate with Mr. Mortimer B. Daniels for his employment by the Board as an assistant Federal reserve examiner, with salary at a rate not to exceed \$3,600 per annum, effective as of the date upon which he enters upon the performance of his duties. The recommendation was approved by five members of the Board on February 9, 1934.

Approved.

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In connection with the above there was presented a second memorandum, dated February 9, 1934, from Mr. Paulger stating that he had negotiated with Mr. Daniels for his employment as an assistant Federal reserve examiner and that Mr. Daniels had agreed to accept the position, with salary at the rate of \$3,600 per annum, effective as of the date upon which he enters upon the performance of his duties.

Mr. Daniels was appointed an examiner for all purposes of the Federal Reserve Act, as amended, and of all other acts of Congress pertaining to examinations made by, for, or under the direction of the Federal Reserve Board, and was designated an assistant Federal reserve examiner, with salary at the rate of \$3,600 per annum; all effective as of the date upon which he enters upon the performance of his duties.

Memorandum dated February 6, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending the appointment of Miss Elnyr D. Newcome as a stenographer-clerk in the division, with salary at the rate of \$1,440 per annum, effective as of the date upon which she enters upon the performance of her duties. The recommendation was approved by five members of the Board on February 8, 1934.

Approved.

Memorandum dated February 6, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the temporary appointment for a period of three months, of Mrs. E. Louise Gardner as a clerk in the division, with salary at the rate of \$1,440 per annum, effective as of the date upon which she enters upon the performance of her duties. The recommendation was approved by four members of the Board on February 9, 1934.

Approved.

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Letter dated February 9, 1934, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Receipt is acknowledged of your letter of January 18, 1934, inclosing reports of indebtedness of members of the staff of the Federal reserve agent's department of the Federal Reserve Bank of Chicago as of January 1, 1934. It is assumed that the information contained in the reports covering officers and employees in the auditing department of the bank is also being brought to the attention of your board of directors.

"It is noted that no reduction has been made by Mr. B. K. Patterson in the indebtedness previously reported by him, and that Mr. C. L. Pitman reports, in addition to other indebtedness previously reported in which a reduction of only \$250 has been made, additional indebtedness in the amount of \$390 incurred since July 1, 1933, in connection with the purchase of an automobile, and \$500 owed to his mother since 1927. It is requested that you keep the Board advised of the progress made by Messrs. Patterson and Pitman in the reduction of their indebtedness.

"It is also noted that Mr. Edward B. Ranck, an employee in your statistical department, became a co-maker on December 28, 1933, of a note given to the Personal Loan & Savings Bank, which became a member of the Federal Reserve System on November 17, 1933. While it appears from Mr. Ranck's report that he did not receive the proceeds of this loan but that it was made for the benefit of a friend living outside of Chicago, the Board does not look with favor upon a transaction of this character through which the credit of an employee of a Federal reserve bank is used to obtain an advance from a member bank.

"In this connection the Board's letter of April 29, 1933, X-7425, stated that there should be a prompt report to the Federal Reserve Board of any indebtedness of the kind referred to in the letter, incurred by the agent or any member of his staff after July 1, 1933, and that such report should contain information similar to that called for in the letter with respect to indebtedness outstanding on that date. Accordingly, it is requested that you arrange to report to the Board currently any indebtedness, excluding current bills for ordinary personal or household expenses, incurred by members of your staff, and that you submit on July 1 and January 1 of each year a statement with respect to the progress being made in the liquidation of the indebtedness previously reported."

Approved.

Letter dated February 8, 1934, approved by five members of the

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

"Reference is made to the analysis of the report of examination of the Gloucester Safe Deposit and Trust Company, Gloucester, Massachusetts, as of the close of business October 28, 1933.

"The examiner reported that on July 20, 1933, the bank transferred its interest department, amounting to \$689,280, from the commercial department to the savings department in order to place these deposits on a time basis and allow them to draw interest, and that the transfer was made without notification to the depositors, but that as depositors come into the bank savings department books are issued to them. It is understood that the deposits so transferred represented demand deposits on which interest was being paid with the understanding that only a limited number of checks against the account could be drawn each month. From the information submitted, it would appear that the funds so transferred are demand deposits until the depositor has accepted the provisions that:

- (1) The pass book or other form of receipt evidencing such deposit must be presented to the bank whenever a withdrawal is made, and
- (2) The depositor is required, or may at any time be required by the bank to give notice in writing of an intended withdrawal not less than 30 days before a withdrawal is made.

"Until the depositors have accepted such provisions the deposits so transferred can not be considered as savings deposits under the provisions of Regulation D regarding the maintenance of reserves or of Regulation Q regarding the payment of interest on deposits.

"It would appear, therefore that the bank has been, and at present may be paying interest on demand deposits, which is in violation of the Banking Act of 1933, and that it has been improperly computing reserves on these deposits. It will be appreciated, therefore, if you will advise the Board further as to the circumstances in this case and what steps have been taken to correct the matter.

"The examiner also reported a direct violation of the Massachusetts Statutes in that funds of the savings department were mingled with funds of the commercial department on deposit with the Federal Reserve Bank. It will be appreciated if you will advise what steps have been taken to eliminate this violation and whether the same situation exists in the case of other State member banks.

"It has been noted that the bank contemplates a readjustment of its capital structure through sale of preferred stock and conversion of directors' guaranty and subordinated deposits to capital funds, and the Board would like to be advised as to the developments in this connection."

Approved.

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Letter dated February 9, 1934, approved by five members of the Board, to the "Bankers Commercial Trust Company", Little Rock, Arkansas, reading as follows:

"Effective if and when the Bankers Commercial Trust Company, Little Rock, Arkansas, is converted into a national banking association and is authorized by the Comptroller of the Currency to commence business as the Commercial 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 Bankers Commercial Trust Company into the Commercial 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 Commercial National Bank of Little Rock to exercise trust powers will be forwarded to it."

Approved.

Letter dated February 9, 1934, approved by four 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 Plantsville National Bank', Plantsville, Connecticut, 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, the proceeds of which shall be applied first toward the retirement of bills payable, and which also provides that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets and securities depreciation, all as set forth in your memorandum of February 2, 1934."

Approved.

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Letter dated February 8, 1934, approved by five members of the Board, 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 Hattiesburg', Hattiesburg, Mississippi, from \$350,000 to \$100,000, 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 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 February 1, 1934."

Approved.

Letter dated February 9, 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 of the 'Commercial Merchants National Bank and Trust Company of Peoria', Peoria, Illinois, from \$2,000,000 to \$1,500,000, 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 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, undivided profits and reserves, shall be used to eliminate, if the bank has not already done so, substandard assets, securities depreciation, and depreciation in banking house and furniture and fixtures, in the amount of approximately \$1,220,653, all as set forth in your memorandum of January 31, 1934."

Approved.

Letter dated February 8, 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 of the 'First National Bank of Pana', Pana, Illinois, from \$75,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$50,000 par value preferred stock to the Reconstruction Finance Corporation, and provides also that the funds released by the reduction in common capital stock shall be used to eliminate a corresponding amount of unsatisfactory assets and that a voluntary contribution of approximately \$6,400 shall be

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"raised locally, all as outlined in your memorandum to the Board dated January 25, 1934."

Approved.

Letter dated February 8, 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 of 'The First National Bank of Converse', Converse, Indiana, from \$40,000 to \$10,000, pursuant to a plan which provides that the bank's capital shall be increased by \$25,000 Class 'A' preferred stock to be sold to the Reconstruction Finance Corporation and \$15,000 Class 'B' preferred stock to be sold locally, that the released capital funds shall be used to eliminate substandard assets and securities depreciation, and that the bank's surplus shall be brought up to lawful requirements by local contribution, all as set forth in your memorandum of January 30, 1934."

Approved.

Letter dated February 8, 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 of 'The Merchants National Bank of Aurora', Aurora, 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 \$250,000 par value preferred stock to the Reconstruction Finance Corporation from the proceeds of which the preferred stock now outstanding in the amount of \$100,000 and held locally will be retired, and which also provides that the funds released by the reduction in common capital stock shall be used to eliminate unsatisfactory assets and securities depreciation and to establish a surplus fund of \$70,000, all as set forth in your memorandum of January 29, 1934."

Approved.

Letter dated February 9, 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 of 'The First National Bank of Montrose', Montrose, Colorado, from \$100,000 to \$50,000, pursuant to a plan which provides that the bank's

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"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, all as set forth in your memorandum of January 30, 1934."

Approved.

Letter dated February 8, 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 of 'The First National Bank in San Leandro', San Leandro, California, from \$100,000 to \$50,000 pursuant to a plan which provides that the bank's capital shall be increased by the sale at par of \$50,000 par value preferred stock to the Reconstruction Finance Corporation and that the funds released by the reduction in common capital stock shall be used to eliminate substandard assets in the amount of approximately \$50,000, all as set forth in your letter of January 26, 1934."

Approved.

Telegram dated February 8, 1934, approved by five members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, stating that the Board has considered the application of the "Central United Company", Cleveland, Ohio, 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 "Central National Bank of Chardon", Chardon, Ohio, and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"First. Prior to the issuance of the limited voting permit hereby authorized Applicant shall agree that

"(1) Within such time as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of Cleveland, the undersigned will cause Central National Bank of Chardon to charge off or otherwise eliminate, if it has not already done so, (a) estimated losses in loans and discounts, (b) de-

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"preciation in stocks and defaulted securities, (c) depreciation in securities not of the four highest grades as classified by an investment service organization regularly engaged in the business of rating or grading securities and (d) all other losses, such charge offs or eliminations to be based on a current examination or credit investigation and to be of such nature and extent and in accordance with such plan or plans, whether or not calling for an increase in the capital funds of such bank as shall be satisfactory to the Comptroller of the Currency and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland.

"(2) All assets of such subsidiary bank which may be charged off or otherwise eliminated pursuant to the foregoing clause numbered (1) of this agreement shall remain the property of such bank and shall not be distributed to the shareholders of the undersigned or of such bank or otherwise released in any manner whatsoever.

"(3) The undersigned will cause such subsidiary bank to make such corrections as shall be requested by the Federal Reserve Agent at the Federal Reserve Bank of Cleveland in order to remove the cause of any criticism relating to any feature of its practices, policies, management or financial condition which has been made by the appropriate supervisory authorities.

"Second. Simultaneously with the issuance of the limited voting permit hereby authorized there shall be issued to Central United National Bank of Cleveland, Cleveland, Ohio, the limited voting permit authorized in the Board's telegram to you of this date."

and for the following purposes:

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

"2. At any time prior to May 1, 1934, to act upon a proposal or proposals to authorize and effect an increase in the capital funds of such bank and to do all things necessary for such purpose provided that such proposal or proposals shall be in accordance with a plan or plans which shall be satisfactory to the appropriate supervisory authorities and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland."

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

Approved.

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In connection with the above there was presented a second telegram dated February 8, 1934, approved by five members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, stating that the Board has considered the application of the "Central United National Bank of Cleveland", Cleveland, Ohio, 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 "Central National Bank of Chardon", Chardon, Ohio, and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"First. Prior to the issuance of the limited voting permit hereby authorized Applicant shall agree that

"(1) Within such time as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of Cleveland, the undersigned will cause Central National Bank of Chardon to charge off or otherwise eliminate, if it has not already done so, (a) estimated losses in loans and discounts, (b) depreciation in stocks and defaulted securities, (c) depreciation in securities not of the four highest grades as classified by an investment service organization regularly engaged in the business of rating or grading securities and (d) all other losses, such charge offs or eliminations to be based on a current examination or credit investigation and to be of such nature and extent and in accordance with such plan or plans, whether or not calling for an increase in the capital funds of such bank, as shall be satisfactory to the Comptroller of the Currency and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland.

"(2) All assets of such subsidiary bank which may be charged off or otherwise eliminated pursuant to the foregoing clause numbered (1) of this agreement shall remain the property of such bank and shall not be distributed to the shareholders of the undersigned or of such bank or otherwise released in any manner whatsoever.

"(3) The undersigned will cause such subsidiary bank to make such corrections as shall be requested by the Federal Reserve Agent at the Federal Reserve Bank of Cleveland in order to remove the cause of any criticism relating to any feature of its practices, policies, management or financial condition which has been made by the appropriate supervisory authorities.

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"(4) Within such time as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of Cleveland and in any event prior to May 1, 1934, the undersigned will rehabilitate its own capital structure by means of voluntary contributions, issuance of common stock and/or preferred stock, or otherwise, in such amount and in accordance with such plan or plans as shall be satisfactory to the appropriate supervisory authorities and the Federal Reserve Agent at the Federal Reserve Bank of Cleveland and will charge off or otherwise eliminate (a) estimated losses in loans and discounts, (b) depreciation in stocks and defaulted securities, (c) depreciation in securities not of the four highest grades as classified by an investment service organization regularly engaged in the business of rating or grading securities and (d) all other losses, such charge offs or eliminations to be based on a current examination or credit investigation and to be of such nature and extent and in accordance with such plan or plans for the rehabilitation of the undersigned as shall be satisfactory to the Comptroller of the Currency and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland.

"(5) All assets of the undersigned which may be charged off or otherwise eliminated pursuant to the foregoing clause numbered (4) of this agreement shall remain the property of the undersigned and shall not be distributed to its shareholders or otherwise released in any manner whatsoever.

"(6) The undersigned will make such corrections as shall be requested by the Federal Reserve Agent at the Federal Reserve Bank of Cleveland in order to remove the cause of any criticism relating to any feature of its practices, policies, management or financial condition which has been made by the appropriate supervisory authorities.

"Second. Simultaneously with the issuance of the limited voting permit hereby authorized there shall be issued to Central United Company, Cleveland, Ohio, the limited voting permit authorized in the Board's telegram to you of this date."

and for the following purposes:

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

"2. At any time prior to May 1, 1934, to act upon a proposal or proposals to authorize and effect an increase in the capital funds of such bank and to do all things necessary for such purpose provided that such proposal or proposals shall be in accordance with a plan or plans which shall be satisfactory to the appropriate supervisory authorities and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland."

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

Approved.

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

"Please consider Board's telegram to you dated January 8, beginning QUOTE ANCIGAR A. Transamerica Corporation UNQUOTE, as amended by Board's telegram dated January 29, further amended by adding in clause C (1) after words QUOTE the undersigned, if it has not already done so, will cause each of such subsidiary banks UNQUOTE the words QUOTE except Bank of America National Trust and Savings Association UNQUOTE Please advise the applicant that the Board has authorized the issuance of this limited voting permit upon the condition that Bank of America National Trust and Savings Association will immediately, if it has not already done so, charge off or otherwise eliminate at least one-half of all losses in loans and discounts, depreciation in stocks and defaulted securities and all other losses as set up in the report of examination made by S. C. Beise as of September 18, 1933, completed January 12, 1934, and the balance of such losses and depreciation not later than May 15, 1934, it being the Board's understanding that assurances have been given on behalf of that bank by Messrs. Giannini and Clary to Chief National Bank Examiner Folger that such charge offs or eliminations will be so made. Please consider similar amendment made in Board's telegram to you dated January 8 beginning QUOTE ANCIGAR A. Transamerica Bank Holding Company UNQUOTE and advise Transamerica Bank Holding Company that limited voting permit to it is also issued on the understanding and condition referred to above."

Approved.

Letter dated February 9, 1934, approved by five members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"This is in reply to your letter of January 23rd in which you request the Board to rule whether Commercial National Bank in

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"Shreveport, Shreveport, Louisiana, (herein called the 'Applicant') is a holding company affiliate of Continental-American Bank and Trust Company, also of Shreveport, within the definition of the term 'holding company affiliate' in the Banking Act of 1933.

"From the data submitted to the Board in connection with the Applicant's application for a voting permit under Section 5144 of the Revised Statutes, as amended, it appears that Continental-American Bank and Trust Company has outstanding 7,000 shares of common capital stock of the par value of \$100 per share. It also appears that under a certain agreement dated December 3, 1932, between The Commercial National Bank of Shreveport and the Applicant, all of the assets of the former bank were transferred to the latter in consideration of the latter's assumption of certain liabilities and that the assets so transferred included certain shares of the stock of Continental-American Bank and Trust Company. This agreement expressly vested title to the assets transferred in the Applicant and gave the Applicant general power to deal with them. It also provided that if any of the assets transferred should be liquidated in an amount sufficient to indemnify the Applicant for the liability which it assumed, the residue of such assets should thereupon be returned to, or held for the account of, a committee representing the stockholders of The Commercial National Bank of Shreveport.

"In view of the foregoing provisions the right of the Applicant to vote shares of stock transferred to it by The Commercial National Bank of Shreveport and the control which Applicant is entitled to exercise with respect to such shares depends upon the manner in which such shares were held by The Commercial National Bank of Shreveport prior to the execution of the agreement referred to and, if such shares were held by The Commercial National Bank of Shreveport as collateral security for loans made by it, the right of the Applicant to vote such shares at this time can be determined only with reference to the various pledge agreements or understandings between The Commercial National Bank of Shreveport and its respective pledgors.

"On page 3 of Exhibit G of the voting permit application it is stated that the Applicant 'owns'  $918\frac{1}{2}$  shares of the stock of Continental-American Bank and Trust Company. No explanation is given of this ownership or of the manner of its origin, but there appears to be no doubt that with respect to such shares Applicant has control of the kind contemplated in the definition of a holding company affiliate in Section 2(c) of the Banking Act of 1933. On the same page of the application it is also shown that Applicant holds among the assets transferred to it under the aforesaid agreement of December 3, 1932,  $3681\frac{1}{2}$  other shares of stock of Continental-American Bank and Trust Company and that as of the date of the application, December 5, 1933,  $3013\frac{1}{3}$  of such shares were held as collateral security for obligations 'due and exigible'. In a letter dated January 23, 1934, addressed to you, Applicant explains that 90 of these shares have since been taken over by

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"Applicant in satisfaction of one of such obligations. The exact terms under which the 3681 $\frac{1}{2}$  shares of stock were held by The Commercial National Bank of Shreveport are unknown to the Board, but, in view of the general provisions of law regarding pledge agreements, it seems reasonable to assume that at least with respect to the shares of stock securing overdue loans the Applicant, as transferee, is either in a position in which it or its nominee can now vote such stock or in a position in which it can rightfully have the stock registered in its name or in that of its nominee so that it can then dictate the manner in which it shall be voted. If it is in either position it would seem to have, with respect to such stock, control of the kind referred to in the statutory definition of a holding company affiliate. Accordingly, it appears to the Board that upon the basis of information contained in the voting permit application, Applicant controls a majority of the 7000 outstanding shares of stock of Continental-American Bank and Trust Company and is a holding company affiliate of that bank.

"The Board recognizes that the status of the Applicant as a holding company affiliate is to be determined in the light of all material circumstances existing at a given time. It also recognizes that it has not been informed of all of the circumstances here involved, that certain statements made in the documents submitted to it are not fully explained, that some of the questions can be determined only with reference to local law and that the information heretofore submitted may not accurately present the situation as it exists at the present time. Therefore, if the Applicant disagrees with the conclusion reached by the Board, please request it to furnish to you such other facts and such explanations of statements already submitted as it deems relevant, and forward the same to the Board together with any comments which you or your counsel may wish to make. Please also forward to the Board information as to the circumstances under which the Applicant became the owner of the 918 $\frac{1}{2}$  shares of stock of Continental-American Bank and Trust Company referred to above.

"Because of the apparent probability that Applicant is a holding company affiliate of Continental-American Bank and Trust Company by reason of control of a majority of the shares of capital stock of that bank arising from the facts discussed above, the Board has not given consideration to the possibility that Applicant may be a holding company affiliate within the definition in Section 2(c) of the Banking Act of 1933 because of control in some other manner of the election of a majority of the directors of the subsidiary bank."

Approved.

Letter dated February 9, 1934, approved by five members of the Board, to the Federal reserve agents at all Federal reserve banks, reading

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as follows:

"This refers to and supplements the Board's letter of September 13, 1933 (X-7587), with regard to the establishment of out-of-town branches by State member banks. In addition to your recommendation and comments and a copy of the complete report of the most recent examination of the bank requested in that letter you are requested, when you submit to the Federal Reserve Board for transmission to the Comptroller of the Currency an application for the approval of the establishment and operation of an out-of-town branch by a State member bank, to furnish the Board with (1) information regarding the number of branches which the member bank will have including the proposed branch which is the subject of the application and where each such branch is located, together with the date of its establishment, (2) advice as to present banking facilities in the place in which the branch will be located, (3) advice of your judgment as to the opportunity for the successful operation of a branch at that place by the member bank, (4) advice as to the scope of the functions and the character of the business which will be performed by the branch, (5) detailed information regarding the policy proposed to be followed with reference to supervision of the branch by the head office, (6) advice as to whether the appropriate State authorities have approved the establishment of the branch and (7) a copy of an opinion of the counsel for the Federal reserve bank as to whether the branch would be established in conformity with requirements of the Federal Reserve Act in view of the provisions of the State law, including therein a copy of the State law authorizing the establishment of branches or a reference thereto. It is understood of course, that in each case the Board will be furnished with any other detailed information with reference to the circumstances involved in the particular case which will be of assistance to the Board in advising the Comptroller of the Currency of its views as to whether or not the establishment and operation of the branch should be approved."

Approved.

Secretary's note: Pursuant to the action taken at the meeting on February 8, 1934, the following letter was addressed by the Governor to Mr. E. G. Bennett, Director of the Federal Deposit Insurance Corporation, under date of February 9, 1934:

"This refers to the draft of the proposed bill to amend Section 12B of the Federal Reserve Act relating to the insurance of bank deposits which was left with me by the members of your Board of Directors on February 7, 1934, and which was discussed by us at that time.

"The proposed bill would extend the insurance of deposits under the Temporary Federal Deposit Insurance Fund until July 1, 1935, and the permanent plan would not become effective until that

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"date. The bill also would authorize the issuance of obligations of the Corporation with the approval of the Secretary of the Treasury guaranteed both as to interest and principal by the United States, and such obligations so guaranteed would be eligible for discount or purchase by the Federal reserve banks. In addition, the bill contains certain other provisions of a detailed character.

"The Federal Reserve Board has given careful consideration to the bill and feels that it is important that certain additional provisions relating to this subject should be included therein.

"It will be recalled that the Federal Reserve Board in November, 1933, after consideration, expressed the view that it would consider the proceeds of capital notes and debentures purchased by the Reconstruction Finance Corporation as capital funds of State banks and as part of the unimpaired capital required of such banks for admission to membership in the Federal Reserve System. This action was taken after consideration of the suggestion that the successful operation of the Federal Deposit Insurance Corporation would be seriously hampered by a contrary ruling. In view of the doubt on the question, however, the Board stated that it would request Congress to clarify this situation by appropriate action; and it was understood that your Corporation concurred in the suggestion that the law be so amended. It is believed that the bill which you have presented for consideration should include a provision to clarify this question.

"Subsection (e) of Section 12B of the Federal Reserve Act requires the Federal Reserve Board, in the case of a State member bank, or the Comptroller of the Currency, in the case of a national bank, to certify upon the basis of a thorough examination of a bank applying for Class A stock in the Federal Deposit Insurance Corporation whether or not its assets are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank. In some instances, no doubt, banks will not be eligible to obtain Class A stock in the Federal Deposit Insurance Corporation if the holders of capital notes and debentures issued by the bank are creditors within the meaning of this provision. In these circumstances, it is believed that you will agree that this is a question of importance affecting the accomplishment of the purposes of the provisions of Section 12B of the Federal Reserve Act and that it is highly desirable to exclude the holders of such capital notes and debentures from the term 'creditors' within the meaning of the provision referred to above.

"In many cases also banks have entered into agreements with their depositors under which the depositors agreed to waive the right to demand payment of a part of their deposit claims until after other claims against the bank should be satisfied in an endeavor to provide for the elimination of losses in the bank. In certain of these cases the bank issued to such depositors deferred certificates under which the bank agreed to pay the depositors the amount of their deferred deposits before any distribution of assets of the bank to its stockholders, and in the event of the dissolution

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"of the bank the holders of the deferred certificates are entitled to share in the assets of the bank after claims of other depositors and other creditors have been provided for. If the owners of such subordinated deposits are considered as other creditors within the meaning of subsection (e) above mentioned, many such banks may not be eligible to obtain Class A stock in the Federal Deposit Insurance Corporation. Accordingly, it is important that the owners of such subordinated deposits should not be considered as other creditors within the meaning of that subsection and that the law should be amended so to provide.

"It is also noted that the bill which has been prepared makes eligible for discount or purchase at a Federal reserve bank debentures of your Corporation which are guaranteed by the United States. In order that such debentures may be eligible not only for purchase but also as collateral security for advances to member banks by Federal reserve banks under the provisions of Section 13 of the Federal Reserve Act, it is suggested that an appropriate change be made in the provisions of the bill to accomplish this purpose.

"The Federal Reserve Board is of the view that the amendments above proposed should be adopted if the purposes of Section 12B of the Federal Reserve Act are to be properly effectuated and in order that national and State member banks of the Federal Reserve System now entitled to the benefits of insurance under the Temporary Fund may become Class A stockholders of your Corporation. Accordingly, there have been incorporated in the draft of the bill which you left with me amendments designed to accomplish the purposes mentioned and a revision of the proposed bill with the amendments so incorporated is inclosed herewith.

"You are advised that the Federal Reserve Board would favor the enactment of this bill with the amendments in question.

"The provisions of subsection (y) of Section 12B of the Federal Reserve Act relating to the Temporary Federal Deposit Insurance Fund by their terms apply only to deposits of members of the Fund which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business. There is apparently no similar provision to be found in the law relating to the permanent plan for insurance of deposits; and, if deposits which have been subordinated to claims of other depositors and other creditors are to be excluded from the phrase 'liabilities to depositors and other creditors' in subsection (e) of Section 12B as above suggested, your Corporation may wish to consider the advisability of including in the proposed bill a provision which would exclude from insured deposit liabilities under the permanent plan deposits which have not been made available by Class A stockholders of the Corporation since March 10, 1933, for withdrawal in the usual course of the banking business."

The revision of the proposed bill mentioned in the above letter reads as follows:

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"A Bill

"To amend Section 12B of the Federal Reserve Act so as to extend for one year the temporary plan for deposit insurance, permit a further period of preparation for initiating the permanent plan, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Section 12B of the Federal Reserve Act is amended --

"(1) by striking out 'July 1, 1934' wherever it appears in subsections (e), (1), and (y), and inserting in lieu thereof 'July 1, 1935';

"(2) by striking out 'June 15, 1934' where it appears in the last sentence of the third paragraph of subsection (y), and inserting in lieu thereof 'December 15, 1934';

"(3) by striking out 'June 30, 1934' where it appears in the first sentence of the fifth paragraph of subsection (y), and inserting in lieu thereof 'June 30, 1935';

"(4) by adding after the first clause of the second sentence in paragraph five of subsection (y) the following: 'and the provisions of such subsection (1) relating to the appointment of the Corporation as Receiver shall be applicable to the members of the Temporary Federal Deposit Insurance Fund.';

"and by striking out the initial words 'and the' in the second clause of the second sentence of paragraph five of subsection (y) and inserting in lieu thereof the word 'The';

"(5) by adding to paragraph six of subsection (y) the following: 'The Corporation shall prescribe by regulations the manner of exercise of the right of termination of membership in the Fund on July 1, 1934, and may require members of the Fund to give thirty days' notice prior to July 1, 1934, of election as a condition to withdrawal. Banks which withdraw from the Fund on July 1, 1934, shall be entitled to a refund of their proportionate share of any estimated balance in the Fund on the same basis as if the Fund had terminated under existing law.';

"(6) by adding at the end of subsection (o) the following new paragraph:

"Such of the obligations authorized to be issued under this subsection as the Corporation, with the approval of the Secretary of the Treasury, may determine, shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, and guaranteed by the United States under this paragraph, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such

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"notes, debentures, bonds, or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Corporation to be issued under this subsection which are guaranteed by the United States under this paragraph, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the second Liberty bond act, as amended, and the purposes for which securities may be issued under the second Liberty bond act, as amended, are extended to include any purchases of the Corporation's obligations under this paragraph. The Secretary of the Treasury, may, at any time, sell any of the obligations of the Corporation acquired by him under this paragraph. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States. The Secretary of the Treasury, at the request of the Federal Deposit Insurance Corporation, is authorized to market for the Corporation such of its notes, debentures, bonds, and other such obligations as are guaranteed by the United States under this paragraph, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the Corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the Corporation on the books of the Treasury.'

"(7) by inserting after the first sentence of subsection (p) the following new sentence:

"Any such obligations which are guaranteed by the United States under the second paragraph of subsection (o) shall be exempt from all such taxation (except surtaxes, estate, inheritance, and gift taxes).'

"(8) by inserting between the third and fourth sentences of subsection (e) the following:

"For the purpose of such certification, the phrase "liability to depositors and other creditors" shall not include liabilities upon capital notes or debentures legally issued and outstanding, or upon other obligations of the bank, payable only after provision has been made for the full satisfaction of all claims of depositors and other creditors except claims upon such capital notes, such debentures and such other obligations.'

"Sec. 2. The first paragraph of Section 9 of the Federal Reserve Act as amended, (U.S.C. Title 12, Sec. 321), is amended by adding after the second sentence thereof a new sentence to read as follows:

"For the purposes of membership of any such bank, the terms "capital" and "capital stock" shall include the amount of outstanding capital notes and debentures legally issued by the applying bank and purchased by the Reconstruction Finance Corporation.'

"Sec. 3. (a) The first sentence of the eighth paragraph of Section 13 of the Federal Reserve Act, as amended, is further amended by inserting before the comma after the words 'Section 13(a)

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"of this Act' a comma and the following: 'or by the deposit or pledge of obligations of the Federal Deposit Insurance Corporation which are guaranteed both as to principal and interest by the United States'.

"(b) Paragraph (b) of Section 14 of the Federal Reserve Act, as amended, is further amended by inserting before the comma after the words 'bonds and notes of the United States' a comma and the following: 'obligations of the Federal Deposit Insurance Corporation which are guaranteed both as to principal and interest by the United States'."

In connection with the above matter there was presented a second letter, dated February 10, 1934, to Mr. Bennett, reading as follows:

"This refers to the Federal Reserve Board's letter of February 9, 1934, with regard to the bill proposed by your Corporation to amend Section 12B of the Federal Reserve Act, in which you were advised that the Board would favor the enactment of the bill as revised so as to incorporate certain amendments suggested by the Board.

"It is understood from your conversation with Governor Black on this subject following receipt by you of the letter referred to that your Corporation is agreeable to all of the amendments suggested by the Federal Reserve Board and will include them in the bill to be recommended to Congress, except the amendment contained in paragraph (8) of Section 1 of the bill, as inclosed with the Board's letter, which would insert between the third and fourth sentences of subsection (e) of Section 12B of the Federal Reserve Act the following:

"For the purpose of such certification, the phrase "liability to depositors and other creditors" shall not include liabilities upon capital notes or debentures legally issued and outstanding, or upon other obligations of the bank, payable only after provision has been made for the full satisfaction of all claims of depositors and other creditors except claims upon such capital notes, such debentures and such other obligations."

"It is further understood that your Corporation has no objection to the enactment of such an amendment but feels that it would not be desirable to propose it for enactment by Congress at this time. It is also understood, however, that the Federal Deposit Insurance Corporation, if the insurance of deposits under the Temporary Federal Deposit Insurance Fund shall be extended until July 1, 1935, in accordance with the proposed bill, will recommend or join with the Federal Reserve Board in recommending the enactment of the amendment in question upon the convening of the next session of Congress, with a view to obtaining such an amendment to the law a sufficient time before the permanent plan of insurance becomes effective so that the certification of member banks to your Corporation may be made on the basis proposed in the amendment; and, moreover, that if it should become evident that the insurance of

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"deposits under the temporary plan will not be extended beyond July 1, 1934, that your Corporation will join with the Federal Reserve Board in recommending to Congress the enactment of an amendment of this kind as soon as possible.

"On the basis of the above understanding of the position of your Corporation on this question, the Federal Reserve Board offers no objection to the omission from the proposed bill, as inclosed with its letter of February 9, 1934, of the amendment contained in paragraph (8) of the first section thereof. It will be appreciated if you will address a letter to the Board confirming the Board's understanding in this matter."

Approved.

Letter dated February 9, 1934, approved by five members of the Board, to the Secretary of the Treasury, reading as follows:

"In accordance with the request of the Secretary of the Treasury under date of February 24, 1933, that a special inquiry be instituted by the examiners of the Federal Reserve Board with the view to determining whether the proper procedure is followed at each of the Federal reserve banks and their branches in connection with the issue, exchange and redemption of Government securities, there is transmitted herewith a copy of a special examination by Assistant Federal Reserve Examiner Charles T. Malone, dated December 30, 1933, covering the Fiscal Agency Department of the Federal Reserve Bank of Cleveland.

"This is the last of this series of special examinations, reports of this kind relating to the other eleven Federal reserve banks having been transmitted to your office heretofore."

Approved.

Letter dated February 9, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"There are inclosed one copy each of the reports of special examinations of the Fiscal Agency operations of the Federal Reserve Bank of Atlanta and its New Orleans Branch, made in connection with the regular examination of your bank as at the close of business November 18, 1933. The Board desires that the detailed information contained in these reports be brought to the attention of the board of directors of your bank and that the Board be advised of any action which may be taken in connection therewith.

"Particular attention is directed to that portion of the New Orleans Branch report (pages 24 and 26) relating to dealings in

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"Government securities by the managing director of the branch, acting on behalf of a client. The question has arisen whether such transactions, if handled at all by Mr. Walker, should not be entirely divorced from the branch operations and conducted through outside channels in the same manner as if they were not handled by the managing director.

"The Board would like to have your comments on the question of excessive War loan designations of Government depositaries which is commented upon (page 27) by the examiner; also in regard to the practice of placing in the collateral account allotments of Government securities when they are paid for by War loan credit, regardless of whether such allotments were made on subscriptions for customers of a bank or for its own account. It is understood that this matter is now receiving consideration by the bank's counsel and the officers in charge of the Fiscal Agency Department (pages 21-22).

"The Board will also appreciate advice as to whether the recommendations of its examiner (pages 35-37 in the Head office report and pages 31-32 of the branch report), in regard to auditing and operating procedure have been adopted. These matters were discussed with the General Auditor as regards both the Head office and the New Orleans Branch, and with the managing director of the New Orleans Branch as regards that Branch."

Approved.

Letter dated February 9, 1934, approved by five members of the Board, to Governor Calkins of the Federal Reserve Bank of San Francisco, as Chairman of the Governors' Conference, reading as follows:

"It appears from a review of the reports of examinations of the Federal reserve banks and from other information available to the Board that the banks do not have a uniform policy with respect to the absorption of expenses of collection of paper of closed banks and that in some instances the expenses absorbed have accumulated to very large amounts. The practices of the Federal reserve banks vary also with respect to the basis upon which interest is charged in the case of closed banks. For these reasons it has been suggested that the subject might well be considered by the Governors at their next conference, with a view to determining the possibility of working out a more nearly uniform policy in these matters and it will be appreciated if you will give consideration to this suggestion."

Approved.

Letters dated February 8, 1934, approved by five members of the Board, to applicants for permits under the Clayton Act, advising of ap-

proval of their applications as follows:

Mr. J. Cooke Wilson, for permission to serve at the same time as a director of The American National Bank of Beaumont, Beaumont, Texas, and as a director of the Houston branch, Federal Reserve Bank of Dallas, Houston, Texas.

Mr. R. M. Farrar, for permission to serve at the same time as a director and officer of The Union National Bank of Houston, Houston, Texas, and as a director of the Houston branch, Federal Reserve Bank of Dallas, Houston, Texas.

Approved.

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

| <u>Applications for ORIGINAL Stock:</u>  | <u>Shares</u>               |                     |
|--|-----------------------------|---------------------|
| <u>District No. 3.</u><br>Bethlehem National Bank,<br>Bethlehem, Pennsylvania  | 300                         | 300                 |
| <u>District No. 7.</u><br>Grundy National Bank of Grundy Center,<br>Grundy Center, Iowa  | 36                          | 36                  |
| <u>District No. 10.</u><br>Overland National Bank of Grand Island,<br>Grand Island, Nebraska   | 68                          | 68                  |
|  | <hr/>                       | <hr/>               |
|  | Total                       | 404                 |
|  |                             |                     |
| <u>Applications for SURRENDER of Stock:</u>  |                             |                     |
| <u>District No. 2.</u><br>First National Bank, Secaucus, New Jersey<br>The National Exchange Bank and Trust Co.<br>of New York, Brooklyn, New York   | 90<br><br>1,200             | <br><br>1,290       |
| <u>District No. 5.</u><br>Cherryville National Bank,<br>Cherryville, North Carolina  | 90                          | 90                  |
| <u>District No. 7.</u><br>First National Bank, East Peoria, Illinois<br>First National Bank, Council Bluffs, Iowa<br>First National Bank, Hillsdale, Michigan<br>First National Bank, Manistee, Michigan<br>First National Bank, Shullsburg, Wisconsin | 36<br>222<br>84<br>72<br>60 | <br><br><br><br>474 |

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| <u>Applications for SURRENDER of Stock: (Continued)</u> | <u>Shares</u> |              |
|---|---------------|--------------|
| <u>District No. 10.</u>                                 |               |              |
| First National Bank, Eaton, Colorado                    | 39            |              |
| First National Bank, Aurora, Nebraska                   | 60            | 99           |
|   | <u>Total</u>  | <u>1,953</u> |

Approved.

Thereupon the meeting adjourned.

Chester Morrell  
Secretary.

Approved:

C. W. Hamilton  
Chairman, Executive Committee.