

A meeting of the Federal Reserve Board was held in Washington on Thursday, April 26, 1934, at 12:00 noon.

PRESENT: Mr. Miller, Presiding  
Mr. Hamlin  
Mr. James  
Mr. Thomas  
Mr. Szymczak

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

The minutes of the meeting of the Executive Committee of the Federal Reserve Board held on April 19, 1934, were approved and the actions recorded therein were ratified unanimously.

The Board then considered and acted upon the following matters:

Memorandum dated April 23, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending the appointment of Mr. John T. Boysen and his designation as an assistant Federal reserve examiner, with headquarters at Chicago, Illinois, and 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.

Mr. Boysen 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 as an assistant Federal reserve examiner, with salary at the rate of \$1,500 per annum; all effective as of the date upon which he enters upon the performance of his duties after having passed a satisfactory physical examination.

Memorandum dated April 24, 1934, from Mr. Wyatt, General Counsel, recommending the appointment of Miss Mabel Goepfert as a stenographer in the legal division, with salary at the rate of \$1,800 per annum, effective

4/26/34

-2-

as of the date upon which she enters upon the performance of her duties after having passed a satisfactory physical examination.

Approved.

Memorandum dated April 24, 1934, from Mr. Wyatt, General Counsel, recommending that effective immediately Mr. Wilson L. Hooff and Miss Mildred Wainwright, who have been serving as file clerks in the legal division, be designated as law clerks, with no change in salary.

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"The Federal Reserve Board has received your letters of April 12, 1934, and April 18, 1934, and, in accordance with your recommendation, approves the designation of Messrs. Anton R. Butziger, Parke R. Elmer, Everett A. McMunn, Linwood E. Morrell and George Roebelen, employees in the Bank Examinations Department, as assistant examiners in the Federal Reserve Agent's department of your bank without change in compensation. Please advise effective dates."

Approved.

Letter dated April 25, 1934, to Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, prepared in accordance with the action taken at the meeting on April 23, 1934, and approved by six members of the Board, reading as follows:

"We acknowledge the receipt of your letter of April 13 conveying the expressions of your directorate relative to the Board's action in disapproving certain proposed salaries of officers of the Federal Reserve Bank of Chicago.

"It would appear unnecessary to discuss the separate responsibilities of your board and this Board in regard to the fixation of salaries as the law clearly establishes such separate responsibilities. As the law places upon the Federal Reserve Board the responsibility of approving salaries this responsibility has been and will

4/26/34

-3-

"be met by the Board."

Approved.

Letter dated April 25, 1934, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to your letter of April 9, 1934, in regard to the activities of B. J. Robson, an employee of the Detroit Branch, which led to his dismissal.

"Your letter has been brought to the attention of the Board and it has been suggested that the Federal Reserve Bank of Chicago might find it desirable and helpful to enlist the services of someone from outside of the bank with adequate experience and ability in such matters to look over the personnel situation in the Detroit Branch. This idea was discussed somewhat more fully with Deputy Governor Preston when he was in Washington a few days ago and it would be appreciated if you will advise the Board as to your views concerning the suggestion after it has received your careful consideration."

Approved.

Letter dated April 25, 1934, approved by five members of the Board, to Governor Schaller of the Federal Reserve Bank of Chicago, reading as follows:

"Referring to your letter of April 10, the Board understands that the question of the continuation of contributory group life insurance by the Federal reserve banks has been given informal consideration by the Board of Trustees of the Retirement System and that certain members thereof have discussed it in some detail with the insurance companies which have been writing this type of insurance for the Federal reserve banks. We have been informally advised that it does not appear practicable at this time to obtain a single group life insurance policy on a contributory basis to cover the employees of all Federal reserve banks.

"For your information, the Board has advised one Federal reserve bank that it would interpose no objection to the continuance of a contributory group life insurance contract under which it was understood that the cost to the Federal reserve bank would be less than \$100 for one year, and it is prepared to take similar action as to any other Federal reserve bank which may desire to enter into such a contract under which the Federal reserve bank would be called upon to contribute nominal amounts only, if any. The Board feels,

4/26/34

-4-

"however, that the situation should be reviewed and the matter brought to its attention in ample time for further consideration before the expiration of any such new contracts if it is desired to continue them or any substitute in force."

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to the board of directors of the "Hagerstown Trust Company", Hagerstown, Maryland, stating that, subject to the conditions prescribed in the letter, the Board approves the institution's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Richmond.

Approved.

Telegram dated April 24, 1934, approved by three members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Refer your letter April 19 Board grants extension of time to May 25, 1934 within which 'McFarland Brothers' Bank', Logan, New Mexico, may accomplish its admission to membership."

Approved.

Telegram dated April 25, 1934, approved by six members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, referring to the application of the "Elk Rapids State Bank", Elk Rapids, Michigan, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months' notice of intention to withdraw and that, accordingly, upon surrender of the Federal reserve bank stock issued to the Elk Rapids State Bank, the Federal Reserve Bank of Chicago is

4/26/34

-5-

authorized to cancel such stock and make a refund thereon.

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"I regret that the pressure of other matters has prevented an earlier reply to your letter of December 22, 1933, in which you inclosed the forms of certain agreements previously entered into between the Jersey State Bank, Jerseyville, Illinois, and certain of its depositors and stockholders and referred to the Board's letter X-7598, dated September 21, 1933, with respect to the eligibility for admission to membership in the Federal Reserve System of a bank which has issued deferred certificates to depositors. Specifically, the forms of agreements inclosed in your letter are (1) bank segregation agreement containing forms of depositor's certificate of interest, stockholder's certificate of interest, depositor's receipt and stockholder's receipt, (2) depositors' segregation agreement, and (3) stockholder's undertaking.

"The Board's letter X-7598 referred to above involved a case where a bank issued deferred certificates to depositors representing a definite obligation on the part of the issuing bank to pay the amount of such certificates at some time, which liability of the bank must be included with other liabilities in determining whether the bank's capital stock was impaired within the meaning of Section 9 of the Federal Reserve Act which provides that no State bank may be admitted to membership in the Federal Reserve System unless it has an unimpaired capital.

"The agreements now submitted by the Jersey State Bank appear to differ in certain material respects from the agreements examined in connection with this earlier ruling of the Board. It appears that under the agreements now submitted, a depositor in executing the depositor's segregation agreement waived all claim to the specified portion of his deposit and accepted in lieu thereof a certificate of interest evidencing an interest in certain assets set apart in trust for the benefit of the holders of such certificates and in such recoveries from charged off assets and future net earnings of the bank as may be received by a designated trustee, but has no claim on any part of the bank's other assets so that even upon final dissolution of the bank the rights of holders of these depositors' certificates of interest would not be superior to the rights of the registered owners of the capital stock of the bank as to such other assets. If this is the correct interpretation of the agreements the Board's ruling in its letter X-7598 is inapplicable and these depositors' certificates of interest do not represent liabilities of

4/26/34

-6-

"the bank which should be included in determining whether the bank's capital is impaired within the meaning of the above-mentioned provision of Section 9 of the Federal Reserve Act relating to eligibility for membership but merely represent contingent obligations payable out of the recoveries and net earnings referred to if and when such recoveries and net earnings are realized. The same conclusion is applicable to stockholders' certificates of interest in the form submitted by the Jersey State Bank.

"In order that the Board may be assured of the correctness of its preliminary analysis of the documents submitted, it is requested that if the Jersey State Bank files an application for membership such application when forwarded to the Board be accompanied by the opinion of counsel for that bank on the question whether the certificates of interest are payable only out of the assigned assets and the recoveries and net earnings referred to above or are payable out of any assets of the bank before any payment to stockholders in the event of dissolution."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Reference is made to the analysis of the report of examination as of September 12, 1933, of the Federal Trust Company, Newark, New Jersey.

"From the analysis it is observed that the institution continues to carry 55 shares of its own stock as side collateral to a loan of \$4,500, and it is requested that, if you have not already done so, you call to the attention of the Federal Trust Company the provisions of its first condition of membership as well as the provisions of Section 9 of the Federal Reserve Act regarding loans secured by the bank's own stock, and advise the Board when the disposition of such stock has been effected.

"It is observed from the copy of a letter addressed to the Federal Trust Company by the Department of Banking and Insurance of the State of New Jersey, which was forwarded with the analysis, that a request was made by that office for the correction of certain statutory violations, and it will be appreciated if you will advise the Board as to the exact nature of such violations and as to the corrections effected.

"The Board concurs in your recommendation that the Trust Company should eliminate the losses listed in the analysis and provide for such reserves against existing depreciation and assets classified as doubtful as would be desirable so that its reports and published statements will more nearly reflect the actual value of its

4/26/34

-7-

"assets. It has been observed that depreciation in securities in the four lower grades and depreciation in unrated securities have not been included in the classification of losses in the analysis, but, in view of the Board's usual requirements for admission of State banks to membership in the Federal Reserve System, it would seem desirable for depreciation in these securities also to be charged off or otherwise eliminated. The Board's views in this respect are more fully set forth in its letter of April 4, 1934, X-7848a. You are requested, if you have not already done so, to take this matter up with the member bank, but as a matter of co-operation, it is suggested that you consider the advisability of first discussing the matter with the State banking authorities.

"It will be appreciated if you will advise the Board what action has been taken by the bank to eliminate undesirable assets and to effect corrections of other unsatisfactory features of the bank's condition as disclosed in the analysis referred to."

Approved.

Letter dated April 25, 1934, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Reference is made to Mr. Dillistin's letter of April 4, 1934, and the subsequent tele phone conversation with him in regard to the Board's letter of December 11, 1933, and the information requested therein with respect to the indebtedness of Mr. J. S. Rippel and his affiliations.

"Inasmuch as it is understood that one of your examiners will participate in an examination of the Merchants and Newark Trust Company of Newark, New Jersey, to be made within a short time by the Banking Department of the State of New Jersey, and in accordance with the recommendation of your office, the Board will defer further consideration of the matter until such examination has been made. It is hoped that in the examination your examiner will be able to develop the desired information in regard to the financial status of Mr. Rippel and his affiliations."

Approved.

Letter dated April 24, 1934, approved by four members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to the report of examination of The Farmers Bank and Savings Company, of Pomeroy, Ohio, as of February 19, 1934,

4/26/34

-8-

"and to Mr. Fletcher's letter of March 30 in regard to the excess loans to the Meigs Realty Company, an affiliate of the bank. From the information submitted, it appears that the loans were not excessive when made, but became excessive through reduction of surplus last Fall and that the bank is endeavoring to reduce the line to legal limits by refinancing the loan on one of the properties through the Home Owners Loan Corporation.

"It is observed that the Meigs Realty Company, which was organized for the purpose of holding some of the bank's other real estate, has no paid-in capital and that the liability of the company to the bank amounted to \$14,260.26, the amount at which the real estate is carried on the books of the company. In the circumstances, the properties held by the Realty Company are actually other real estate of the bank and the Board believes that they should be shown as such on the books of the bank in order that its published statements shall reflect the true condition of the bank's assets. It will be appreciated, therefore, if you will advise The Farmers Bank and Savings Company as to the attitude of the Board regarding this method of carrying other real estate and request that all of the bank's other real estate be shown as such.

"From the information submitted, there is no evidence that the estimated losses have been eliminated from the bank's assets. The Board feels that a bank's published statements should reflect the true condition of the bank and that estimated losses as classified by the examiner should be promptly charged off or otherwise eliminated, and it will be appreciated if you will advise the Board what action has been taken by the bank in this respect.

"If the losses as classified in the report of examination as of February 19, 1934 have not already been charged off or otherwise eliminated, it is requested that you endeavor to obtain such action by the bank. In the interests of cooperation, it may be advisable to take this matter up first with the appropriate State authorities.

"The examiner comments upon the inadequacy of the surety bonds covering officers and employees, and it is assumed that either you or the State Banking Department have brought this to the attention of the bank and endeavored to obtain correction."

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"On February 7, 1934, Mr. Fry reported that the State-Planters Bank and Trust Company, Richmond, Virginia, had charged off a total of \$1,488,922.00 since August 15, 1933, date of the latest examination, and that the bank was then engaged in a review of its loans



4/26/34

-9-

"as well as of its securities account, and that as soon as the review was completed a further charge-off of approximately \$1,000,000 would be made. It will be appreciated if you will advise the Board what action has since been taken by the bank in respect to the elimination of undesirable assets.

"The analysis of the report of examination was accompanied by a letter dated November 25, 1933, from H. H. Augustine, Vice President of the bank, with reference to loans secured in whole or in part by stock of the bank. Mr. Augustine advised that since the examination one note of \$7,100 secured by such collateral had been paid, that 385 shares had been sold and the proceeds applied on another note, and that 325 shares held as collateral to still another line had been surrendered on payment of \$10,000. Mr. Augustine also stated that the bank felt that most of such loans were secured other than by stock of the bank, but preferred to continue to hold the stock as additional collateral to the loans.

"Member banks are prohibited from lending on their own stock, and any shares of such stock taken to prevent loss upon debts previously contracted in good faith are undesirable collateral to the bank's loans and should be disposed of at the first favorable opportunity.

"Please keep the Board advised as to progress made by the bank in disposing of the shares of its own stock held as collateral."

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to Mr. Fletcher's letter of April 7, 1934, transmitting the application of the First National Bank in Massillon, Massillon, Ohio, for permission to exercise fiduciary powers under the provisions of Section 11(k) of the Federal Reserve Act.

"In accordance with the Board's usual practice, this application was referred to the Comptroller of the Currency for his recommendation, and a reply has been received advising that inasmuch as the applicant bank, which has not been examined since its organization in May, 1933, is scheduled for an examination this week, the recommendation by the Comptroller's office will be withheld until the report of such examination has been received. In view of the foregoing, the Board will take no action on the pending application until the examination of the applicant bank has been completed and a report thereof is available, at which time it is presumed that you may wish to submit to the Board the bank's application for full fiduciary powers in lieu of the pending application for permission to act only as registrar of stocks and bonds."

Approved.

4/26/34

-10-

Letter dated April 25, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Lambertville National Bank', Lambertville, New Jersey, from \$100,000 to \$50,000, pursuant to a plan which provides that the bank's capital shall be increased by \$175,000 of class 'A' preferred stock to be sold to the Reconstruction Finance Corporation, and \$25,000 of class 'B' preferred stock to be sold to local interests, and that the released capital, together with a portion of the bank's undivided profits and/or surplus shall be used to eliminate estimated losses and securities depreciation in the lower grades.

"In considering the plan under which the proposed reduction in capital is to be effected it has been noted that, after the proposed eliminations are consummated, there will remain in the bank securities depreciation in the amount of approximately \$22,900 which will impair the bank's capital to the extent of approximately \$16,600. It is assumed, however, that you have this condition in mind and that whenever it becomes feasible to do so you will require such further corrections as may be practicable."

Approved.

Letter dated April 23, 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 Edgar County National Bank of Paris', Paris, Illinois, from \$100,000 to \$60,000 pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$90,000 of preferred stock to the Reconstruction Finance Corporation and that the released capital, together with a portion of the surplus and undivided profits, shall be used to eliminate unsatisfactory assets, all as set forth in your memorandum of April 10, 1934. In this connection it is understood that R. N. Parrish, President and A. J. Parrish, Director, will properly collateralize their obligations to the bank to the full extent of their ability.

"The Board has observed that in recommending approval of the proposed recapitalization the Acting Chief National Bank Examiner at Chicago based his recommendation, among other things, upon the understanding that 'the management will be augmented satisfactorily'. Moreover, the Board has noted that your examiners have severely criticized the management of the institution."

Approved.

4/26/34

-11-

Letter dated April 25, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with the recommendation of Acting Comptroller Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Stuart', Stuart, Iowa, from \$35,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by \$25,000 of preferred stock to be sold to the Reconstruction Finance Corporation, and that the released capital, together with a portion of the bank's surplus and undivided profits accounts and a contribution of approximately \$14,500 to be made by local interests, shall be used to eliminate unsatisfactory assets and securities depreciation in the amount of approximately \$35,000, all as set forth in Mr. Awalt's memorandum of April 14, 1934."

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Receipt is acknowledged of Mr. Young's letters of April 7 and 17, 1934, with inclosures, in regard to the plan of rehabilitation of the 'Wilmette State Bank', Wilmette, Illinois.

"In accordance with the recommendation contained in Mr. Young's letter of April 7, 1934 the Board amends its previous approval of the proposed capital reduction to provide for the sale to the Reconstruction Finance Corporation of capital debentures in the amount of \$75,000 instead of \$150,000 as originally proposed, with the understanding that the other provisions of the plan remain unchanged.

"It is noted that on the basis of the amended plan the bank will have a capital structure adequate to its deposits and will be free from all assets classified as doubtful and loss at the time of the last examination."

Approved.

Letter dated April 23, 1934, approved by five members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"Receipt is acknowledged of your memorandum of April 13, 1934, with reference to the proposed reduction in common capital stock of

4/26/34

-12-

"The Citizens National Bank of Hope', Hope, Arkansas, from \$250,000 to \$125,000, and sale of \$75,000 of preferred stock to the Reconstruction Finance Corporation, which was approved by the Board on December 20, 1933.

"You advise that the Reconstruction Finance Corporation has agreed to purchase but \$50,000 of preferred stock of this bank, and recommend that the conditions previously imposed be amended to provide for the issuance and sale of the reduced amount of preferred stock.

"Since it appears that the bank at present is overcapitalized and that the released capital will be sufficient to eliminate all estimated losses and doubtful assets and a large portion of the slow items as classified by the examiner in his report of examination as of March 1, 1934, and since a comparison of the statements of condition as of November 29, 1933, and March 1, 1934, discloses an improvement in the bank's general condition, the Board, in accordance with your recommendation, amends its previous approval to provide for the sale of \$50,000 of preferred stock instead of \$75,000 as originally planned, with the understanding that the full amount of the released capital will be applied to the elimination of substandard assets and/or in augmenting the bank's surplus, undivided profits or reserves, and that the other provisions of the plan as set forth in your memorandum of December 7, 1933, remain unchanged."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Bemidji', Bemidji, Minnesota, from \$50,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by \$50,000 Class 'A' preferred stock to be sold to the Reconstruction Finance Corporation and \$25,000 Class 'B' preferred stock to be sold to local interests, and that the released capital shall be used to eliminate unsatisfactory assets, all as set forth in your memorandum of April 16, 1934."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"Receipt is acknowledged of your memorandum of April 17, 1934, with reference to the proposed reduction in the common capital of 'The Exchange National Bank of Atchison', Atchison, Kansas, from \$200,000

4/26/34

-13-

"to \$100,000 and sale of \$125,000 of preferred stock to the Reconstruction Finance Corporation, which was approved by the Board on January 31, 1934.

"You advise that a change in the plan is contemplated whereby only \$100,000 of preferred stock will be sold to the Reconstruction Finance Corporation.

"In accordance with your recommendation the Board approves the amendment to the original plan as set forth in your memorandum of April 17, 1934, with the understanding that the other provisions of the plan as set forth in your memorandum of January 22, 1934, remain unchanged.

"In this connection it is understood that your office will require the elimination of all estimated losses as classified by your examiner in his report as of February 19, 1934."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with Acting Comptroller Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The State National Bank of Houston', Houston, Texas, from \$600,000 to \$500,000, pursuant to a plan which provides that the bank's capital shall be increased by \$500,000 of preferred stock to be sold to the Reconstruction Finance Corporation, and that the released capital shall be used to eliminate or reduce undesirable assets, all as set forth in Mr. Awalt's letter of April 13, 1934."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with the recommendation of Acting Comptroller Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Kellogg', Kellogg, Idaho, from \$50,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$25,000 preferred stock to the Reconstruction Finance Corporation and that the released capital shall be used to eliminate or reduce unsatisfactory assets, all as set forth in Mr. Awalt's letter of April 14, 1934."

Approved.

Telegram dated April 23, 1934, approved by five members of the

4/26/34

-14-

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

"As it appears from Agnew's opinion and documents forwarded with Sargent's letter April 13, that Pacific National Company not now holding company affiliate of First National Bank of Kent, Federal Reserve Board, in letter to Comptroller April 20, approved proposed capital stock reduction by latter corporation without issuance voting permit to Pacific National Company."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of Mr. Sargent's letter of April 14, 1934, in which he explains the reasons for your conclusion that the California Group Corporation, Los Angeles, California, is not a holding company affiliate of California Bank, Los Angeles, California. In view of this explanation there appears to be no need of obtaining an agreement on F. R. B. Form P-5 from California Group Corporation under the provisions of Section 9 of the Federal Reserve Act."

Approved.

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 "Transamerica Corporation", San Francisco, California, for a voting permit under the 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 in Grass Valley", Grass Valley, California;
- "The Placerville National Bank", Placerville, California;
- "The Vallejo Commercial National Bank", Vallejo, California.

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

4/26/34

-15-

"First. That applicant has fully carried out the agreement made by it as a condition of the issuance of the limited voting permit authorized in the Board's ANCIGAR telegram to you of January 8, as amended by Board's telegrams of January 29, February 10 and March 9.

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

and for the following purposes:

"At any time prior to July 1, 1934, to act upon a proposal or proposals to effect the respective liquidation of such banks and to take such action as may be necessary thereto including the ratification of transactions heretofore consummated involving assumption of certain liabilities and purchase of certain assets of such banks respectively."

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

Approved.

In connection with the above there was presented a second 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 "Transamerica Bank Holding Company", San Francisco, California, for a voting permit under the 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 named banks:

- "The First National Bank in Grass Valley", Grass Valley, California;
- "The Placerville National Bank", Placerville, California;
- "The Vallejo Commercial National Bank", Vallejo, California.

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

4/26/34

-16-

subject to the following conditions:

"First. That applicant has fully carried out the agreement made by it as a condition of the issuance of the limited voting permit authorized in the Board's ANCIGAR telegram to you of January 8, as amended by Board's telegrams of January 29, February 10 and March 9.

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

and for the following purposes:

"At any time prior to July 1, 1934, to act upon a proposal or proposals to effect the respective liquidation of such banks and to take such action as may be necessary thereto including the ratification of transactions heretofore consummated involving assumption of certain liabilities and purchase of certain assets of such banks respectively."

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

Approved.

Memorandum dated April 10, 1934, from the Board's Committees on Research and Statistics and on Salaries and Expenditures recommending approval of the budgets submitted by the Federal reserve agents at the various Federal reserve banks covering the statistical and analytical functions of the respective banks during the year 1934; the budgets for the twelve banks aggregating \$489,985. The recommendation was approved by six members of the Board on April 24, 1934.

Approved.

Memorandum dated April 23, 1934, from Mr. Vest, Assistant Counsel, recommending that there be published in the next issue of the Federal



4/26/34

-17-

Reserve Bulletin statements, in the form attached to the memorandum, based upon recent rulings of the Federal Reserve Board on the following subjects:

"Obligations secured by real estate mortgages as 'securities' under various sections of the Banking Act of 1933."

"Allowance in consideration of payment of banker's acceptance before maturity as indirect payment of interest."

"Corporate trustee under deed of trust as a holding company affiliate."

"Federal savings and loan associations as banks within Section 19 of the Federal Reserve Act."

"Payment of interest when the first day of the month falls on a Sunday or holiday."

The recommendation was approved by four members of the Board on April 25, 1934.

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Your letter of April 18 to Mr. Martin in regard to the Board's letter of April 17, 1934, X-7864, has been brought to the attention of the Board for its consideration. This letter as you will note was addressed to all Federal Reserve Agents and it was contemplated by the Board that they would comply with its request in their capacity as its official representatives in the respective Federal reserve districts. No question as to the advisability of complying with the Board's request has come to its attention from any other district.

"It was felt that the request of the Secret Service Division of the Treasury Department was reasonable and that it was proper to comply not only as a matter of cooperation but also because any such practice of employees of State member banks which might involve violations of law is a direct concern of the Board and of the Federal reserve agents. The Board does not share the view that the sending out of an appropriate circular would cause any disturbance of proper relations between member banks and Federal reserve banks.

"It may be added that we were informally advised by the Secret Service that the matter had been brought to the attention of the office of the Secretary of the Treasury and that the request of the

4/26/34

-18-

"Secret Service was made at the suggestion of that office. It is understood that the Comptroller of the Currency has already complied with the request by sending a circular to all national banks.

"It will be appreciated if you will advise the Board when its request has been complied with by your office."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Governor Harrison of the Federal Reserve Bank of New York, reading as follows:

"The Board is in receipt of a letter, a copy of which is inclosed, from Mr. J. Edgar Hoover, Director of the Division of Investigation, U. S. Department of Justice, stating that the Division is endeavoring to trace currency identified as part of the Lindbergh ransom money, and requesting that arrangements be made through the Federal Reserve Bank at New York City to notify Mr. F. X. Fay, Special Agent in Charge, Division of Investigation, U. S. Department of Justice, 370 Lexington Avenue, Room 1403, New York City, telephone Caledonia 5-8691, in the event currency is identified by the bank as part of the Lindbergh ransom money. You will note that Mr. Hoover states that this request should in no way interfere with previous arrangements whereby the Federal Reserve Bank of New York should notify the New York City Police Department of the receipt of any such money.

"The Board will appreciate it if you will make the necessary arrangements to have Mr. Fay notified promptly of any currency identified by your bank as part of the Lindbergh ransom."

Approved.

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

"Referring Mr. Fletcher's letter April 23 Board revokes approval application First National Bank in St. Marys, St. Marys, Ohio, for Federal Reserve bank stock granted April 11 and approves application for 44 shares made pursuant to resolution adopted by Board of Directors held on April 21, 1934, effective if and when Comptroller of Currency authorizes bank to commence business."

Approved.

Letter dated April 25, 1934, approved by six members of the

4/28/34

Board, to the Secretary of State, reading as follows:

"During a recent examination of the branch at New Orleans of the Federal Reserve Bank of Atlanta by examiners of the Federal Reserve Board it was noted that the vault at the branch contained a compartment identified as 'Bin 38' which had been sealed by Captain H. M. Thatcher, Quarter Master Corps, United States Army, Finance Officer, New Orleans, Louisiana, and which was said to contain the following:

One sealed box containing:

Mexican pesos in currency	2,593,321
---------------------------	-----------

One locked Army field safe, containing:

Bonos - 390 pesos and \$1,904.96 U. S. Money	
Mexican silver coin	.90 centavo
Mexican gold coin	3,835.00 pesos
Trust funds	2,500.00 pesos
Trust funds	164.41 mixed

"At the time of the examination there was outstanding a safe-keeping receipt for the contents of 'Bin 38', dated December 24, 1923, of which a copy is attached hereto.

"In an effort to determine the responsibility for the contents of the box and field safe the Federal reserve examiners addressed a communication on December 16, 1933, to the Finance Officer, Quarter Master Corps, United States Army, Army Supply Base, New Orleans, Louisiana, in which the statement was made that 'it was the understanding that the Reserve Bank was in no way responsible for the contents of the safe and the box placed under the Army seal'.

"The Federal reserve examiners report that in reply to this communication Captain John W. Llufric, Quarter Master Corps, Agent Finance Officer, New Orleans Quarter Master Depot, New Orleans, Louisiana, on December 22, 1933, stated that the records of his office checked with the inventory listed in the Federal reserve examiner's letter but that 'upon whom the responsibility for the contents of the safe and box rests, this office is unable to state'. The reply further indicated that the inventory and sealing of the box and safe at the branch had been done at the request of the Secretary of State, addressed to the Chief of Finance, the deposit in the branch having been made by transfer from the United States Sub-Treasury at New Orleans on January 5, 1921, because of the discontinuance of the office of the Assistant Treasurer at New Orleans. It further appears that the original deposit with the Sub-Treasury was made following the evacuation in December, 1914, of the City of Vera Cruz by the forces under General Funston.

"As the branch at New Orleans of the Federal Reserve Bank of

4/26/34

-20-

"Atlanta has not accepted responsibility for the contents of the box and safe described, as the Finance Officer at New Orleans of the War Department seems unable to state where the responsibility rests, and as the deposit appears to have been made at the request of the Department of State, it will be appreciated if you will advise the Federal Reserve Board where the authority over the box and safe is vested and, if possible, what disposition should be made of them."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. Johns, Acting Governor of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of March 26 in which you stated that the Bank of Madisonville, Tennessee, had a nonmember clearing balance with you amounting to \$104,000, which represented nearly one-third of its deposits and that you questioned the propriety of allowing non-member banks to build up large and excessive balances with the Federal reserve bank which have heretofore been carried with their correspondents.

"While it is clear that the responsibility rests with a Federal reserve bank in case it establishes a clearing account for a non-member bank or trust company to require the maintenance of an adequate balance, the Board agrees with the position indicated by you and sees no reason why you should not take such steps as you may find appropriate, without unnecessary hardship and inconvenience to the non-member bank, to bring about a reduction of the balance maintained with the Federal reserve bank to an amount which will not be excessively large in relation to the items in transit held for its account."

Approved.

Telegram to Mr. Johns, Acting Governor of the Federal Reserve Bank of Atlanta, reading as follows:

"Your letter April 23. Board interposes no objection to Federal Reserve Bank of Atlanta making arrangements with Second Export-Import Bank of Washington, the details of which will be approved by your executive committee, for the delivery of and payment for 10,000,000 Cuban pesos to be coined for the Cuban Government at the Philadelphia Mint. Please forward to Board statement of details of transaction approved by your executive committee."

Approved.

4/26/34

-21-

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Peyton, Chairman of the Federal Reserve Bank of Minneapolis, reading as follows:

"The Board has reviewed the report of examination of the Federal Reserve Bank of Minneapolis made as at the close of business January 20, 1934, copies of which were left with you and Governor Geery.

"At the time of the examination as of March 22, 1933, the examiner recommended that the account 'Other Real Estate -- Otherwise Acquired' be analyzed and the items distributed in accordance with the Board's manual of instructions governing the preparation of earnings and expense reports and profit and loss statements. At that time the examiner was advised that the recommendation would be adopted. In the report of examination as of January 20, 1934, the examiner again makes the same recommendation (page 22) and the Board would appreciate advice as to whether the account has now been analyzed and proper distribution of all items made therein.

"It is noted from page 20 of the report of examination that leaves of absence in excess of thirty days because of illness are approved by the executive committee of your bank. The Board's letter of December 5, 1932, X-7303, contemplated that all sick leave in excess of thirty days in a calendar year would be approved by the board of directors.

"Attention has been called (page 20) to certain expenses incurred by the bank for engrossing and binding resolutions adopted by the board of directors upon the deaths of a director of the Helena Branch and of Counsel for the Head Office, and for flowers sent, which expenditures had not been referred to the Board. While no exception will be taken to the expenses above referred to, it is requested that in the future any expenditures of this nature be submitted to the Board for approval in accordance with its letter of October 20, 1932, X-7276.

"The report indicates (page 37) that on date of examination the bank was holding \$509,818.89 in Suspense Account -- General, representing the balance of a deposit made by the Northwest Bancorporation for the purpose of releasing stock of affiliates of such corporation pledged under a trust indenture to secure certain of its outstanding notes, thereby making such stock available for pledge with the Reconstruction Finance Corporation as collateral. It appears that the trustees under the indenture designated the Reserve Bank as disbursing agent with instructions to retire the notes of the Northwest Bancorporation when presented for payment. It will be appreciated if you will advise the Board as to the present balance in this deposit and the extent of the liability incurred by the Reserve Bank in acting as disbursing agent of the fund.

4/26/34

-22-

"It has been observed (page 64) that securities are being held in safekeeping for receivers of various closed banks, and it will be appreciated if you will advise the Board as to the nature of such safekeeping accounts. In this connection, the Board feels that, while there is no objection to retaining the securities held in safekeeping at the time of suspension of a member bank until the receiver has had an opportunity to make other arrangements, new deposits of securities should not be accepted. In this connection reference is made to the Board's letter of October 19, 1933, which was addressed to you on this same general subject.

"The Board understands that the question of strengthening the Auditing Department of the bank was discussed with you by the examiner and an expression of your views as to this matter will be appreciated.

"After the report and this letter have received the consideration of the Board of Directors of the Federal Reserve Bank, the Board would appreciate advice from you as to what action has been taken or will be taken on the matters discussed."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Governor McKinney of the Federal Reserve Bank of Dallas, reading as follows:

"Governor Black has asked me to acknowledge receipt of your letter of April 18 and to thank you for your comments upon the substitute bill to provide loans for working capital for commercial and industrial business.

"As you suggest, it is the thought here that the matters which you mentioned can all be covered by the terms and conditions under which loans may be made by the Federal reserve banks and the regulations of the Federal Reserve Board, within the limits specifically prescribed in the bill. If it should be enacted into law the Board will be glad to have your suggestions as to the manner in which these and other matters should be dealt with in the regulations."

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"Receipt is acknowledged of your letter of April 6, 1934, with inclosure, in which you request to be advised whether a member bank

4/26/34

-23-

"may pay interest on a deposit received on April 2, 1934, for a period beginning April 1, 1934, which was a Sunday. It is understood that your inquiry relates to deposits which constitute time or savings deposits within the meaning of the Board's Regulation Q.

"You are advised that the Board will offer no objection to the payment of interest at a rate not in excess of that prescribed in Regulation Q for a period beginning with the first day of any month, in any case in which such first day falls on a Sunday or legal holiday, on any time or savings deposit received on the first business day after such Sunday or holiday and ending when the deposit is actually withdrawn or ceases to conform to the definition of a time or savings deposit as contained in the Board's Regulation Q, whichever shall first occur."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. George R. Cooksey, Secretary of the Reconstruction Finance Corporation, reading as follows:

"For your information you will find inclosed a copy of a resolution which it appears was adopted by the Rice County Bankers Association of Minnesota at a meeting held April 11, 1934, and which was brought to Washington by Mr. H. O. Dilley, Cashier of the First National Bank of Northfield, Minnesota, who was accompanied by Mr. Alex McKay, Vice President of that bank. In the memorandum attached to the resolution you will note a reference to the Reconstruction Finance Corporation.

"As you are no doubt aware, the Board, acting pursuant to the provisions of section 19 of the Federal Reserve Act as amended by section 11(b) of the Banking Act of 1933, has fixed a limit of 3% upon the interest that may be paid by member banks of the Federal reserve system on time and savings deposits. The action of the Board was taken after a careful survey of banking practices throughout the country and the Board does not feel justified at this time in reducing the maximum. However, there is nothing in the Board's regulations or in the considerations that led to its action that would prevent any bank or group of banks from fixing lower rates and, in fact, many banks throughout the country have done so as a matter of sound banking practice."

Approved, together with a letter, also dated April 25, 1934, and approved by six members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

4/26/34

-24-

"Attached you will find a copy of a resolution which, it appears, was adopted by the Rice County Bankers Association at a meeting held April 11, 1934, and which was delivered to Mr. Martin for submission to the Federal Reserve Board by Mr. H. O. Dilley, Cashier of the First National Bank of Northfield, Minnesota, who was accompanied by Mr. Alex McKay, vice president of the same bank. It was understood from Mr. Dilley that the real cause of the difficulty is that while some of the banks desire to reach an agreement upon a reduction to  $2\frac{1}{2}\%$  in the maximum rate paid, others prefer to pay the maximum of 3%. You, of course, are familiar with the considerations that led the Board to fix a limit of 3%. The Board does not feel justified at this time in reducing the limit. It is suggested that at some convenient opportunity you get in touch with the leaders among the banks in this county and explain to them the Board's position in the matter. It may be in that connection that through the exercise of your good offices you will be able to assist them in reconciling their conflicting viewpoints."

Letter dated April 24, 1934, approved by four members of the Board, to Mr. J. E. Standley, Vice President of The City National Bank, Cleburne, Texas, reading as follows:

"Your letter of March 19, 1934, addressed to the Comptroller of the Currency, has been referred to the Federal Reserve Board for reply. You request to be advised whether it is permissible to allow checks to be drawn against savings accounts before interest paying dates and also whether it is permissible to handle in the savings department an account for another bank on which interest is paid but against which no checks are drawn before interest paying dates.

"With respect to your first question, it is noted that you refer to the drawing of checks against savings accounts. One of the requirements of a savings deposit, as the term is defined in Section V of the Federal Reserve Board's Regulation Q, is that the pass book or other form of receipt evidencing such deposit must be presented to the bank whenever a withdrawal is made. The drawing of checks against an account in the usual sense does not constitute a compliance with this requirement, and, unless the accounts in question are deposits of funds with respect to which the pass book or other form of receipt evidencing such deposits must be presented to the bank whenever a withdrawal is made and are deposits which otherwise comply with the requirements of savings deposits as defined in subsection (a) of Section V of the Board's Regulation Q, it is believed that interest may not lawfully be paid thereon.

"If, however, the presentation of the pass book or other form of receipt is required upon the withdrawal of funds from such accounts



4/26/34

-25-

"and such accounts otherwise conform to the definition of savings deposits which is contained in the regulation, there is no provision in the law or in the Board's regulation which would prohibit the withdrawal of funds from such accounts prior to the dates upon which interest is customarily paid by the bank thereon, provided that the withdrawal of such funds is made in accordance with the provisions of Section VI of Regulation Q and that the interest paid is not in excess of the rate prescribed in such regulation.

"With respect to your second question, it is understood that you wish to be advised whether funds received from another bank may properly be regarded as savings deposits within the meaning of the Board's Regulation Q. In the opinion of the Federal Reserve Board, funds of another bank deposited in your bank would not constitute a deposit consisting of funds accumulated for bona fide thrift purposes and may not, therefore, be considered savings deposits within the meaning of the definition set forth in Regulation Q."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"The Federal Reserve Board has given consideration to the application of Arthur G. Shattuck under Section 32 of the Banking Act of 1933 for a permit to serve at the same time as a dealer in securities in his individual capacity and as a director of the Indian Head National Bank, Nashua, New Hampshire.

"From the information contained in the application of Mr. Shattuck, it appears that he is not an 'officer, director, or manager of any corporation, partnership, or unincorporated association' engaged in the business of purchasing, selling or negotiating securities. After the application was filed, a ruling was published in the Federal Reserve Bulletin for December 1933, at page 770, pointing out that Section 32 is not applicable to an individual who is not an officer, director or manager of an organization of the kinds described in that section.

"Accordingly, it appears that Section 32 is inapplicable to the relationship described in the application, and it will be appreciated if you will advise Mr. Shattuck accordingly."

Approved.

Letter dated April 23, 1934, approved by six members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

4/26/34

-26-

"Receipt is acknowledged of your letter of April 16, 1934, in which you inclosed a proposed form of letter to be used by you in obtaining the information which the Board's letter of March 12, 1934 (X-7820) stated would be necessary in order to enable it to determine whether or not so-called 'investment trusts' involved in pending applications under Section 32 of the Banking Act of 1933 are organizations of the kind referred to in that section, and thus enable the Board to determine whether permits are in fact required in those cases. The form of letter which you inclose includes a quotation from the body of the Board's letter of March 12, 1934 (X-7820) and asks that the information therein described be furnished to you in duplicate.

"The Board feels that the procedure that you propose is proper and has no objection to your writing letters in the form which you inclose.

"You will note that the Board's letter of March 12, 1934 (X-7820) points out that in addition to the information specifically described, the Board will be glad to have any further information or comments which you feel should be furnished. In addition, the Board would be glad to have, in each case, the opinion of counsel for your bank upon the question."

Approved.

Letter dated April 24, 1934, approved by six members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Receipt is acknowledged of your letter of April 20, 1934, with further reference to the request of Mr. Philip Lehman for a hearing before the Federal Reserve Board in regard to his application for a permit under section 32 of the Banking Act of 1933, together with inclosure, consisting of a letter from Mr. Edwin Gibbs of the firm of Lehman Brothers.

"As you state in the last paragraph of your letter, since Mr. Lehman has not requested a further appointment for a hearing it would appear that he is not interested in pursuing the matter further. The Board, therefore, will consider the matter as closed."

Approved.

Letter dated April 25, 1934, approved by six members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

4/26/34

-27-

"The Federal Reserve Board has under consideration the applications of C. Roy McCanna, G. A. Uebele, S. M. Reinardy, Fred W. New, James H. Murphy, George A. Harper and J. L. McCarthy under Section 32 of the Banking Act of 1933 for permits to serve the Bank of Burlington, Burlington, Wisconsin, and the Burlington Mortgage Investment Company, Burlington, Wisconsin.

"In answer to Question 2 of Form 99-a, the business of the Burlington Mortgage Investment Company is stated to be as follows:

Loaning money and issuing bonds. The dealer purchases first mortgages on Wisconsin real estate. Bonds are then issued under Trust Deed, with these mortgages as collateral, and these bonds sold to the public.

"From the information submitted, the Board is unable to ascertain whether or not the 'bonds' issued against the mortgage notes constitute 'securities' within the meaning of Section 32. In its letter of April 16, 1934 (X-7866), the Board described the information which would be necessary to enable it to determine whether particular bonds or participating certificates are to be considered as securities, within the meaning of the section.

"It will be appreciated if you will obtain the information referred to in the letter of April 16, 1934, and forward such information to the Board together with your comments."

Approved.

Telegram dated April 23, 1934, approved by six members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Your wire of February 23. It appears that principles stated in the Board's letter April 13, 1934, X-7860, with respect to brokerage firms are applicable in instant case; and that so long as B. H. Securities Company confines its activities in respect to securities merely to acting as agent in placing with a dealer orders received from others for purchase and sale of securities belonging to others, it will not be engaged primarily in the business of purchasing, selling, or negotiating securities within the meaning of Section 32 and that directors of the Company need not obtain permits in order to serve as directors of a member bank. Board does not have sufficient information to enable it to determine whether such transaction would constitute violation of any other provisions of law."

Approved.

4/26/34

-28-

Letter dated April 25, 1934, approved by six members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to your letter dated February 14, 1934, in which you request that your recommendation be withdrawn in connection with the application of Mr. Julius G. Day for a permit under the Clayton Act, covering his service at the same time as director of The Birmingham National Bank, Derby, Connecticut, and of The New Haven Bank, National Banking Association, New Haven, Connecticut, and as trustee of the Home Trust Company, Derby, Connecticut.

"Our files show that on May 2, 1919, the Board approved an application from Mr. Day for permission to serve at the same time as a director of the two national banks named in his recent application, as indicated also by your reply to question numbered 2 on Form 94b submitted with the latter application. Your letter stated, however, that you have been advised that, for reasons indicated in the letter, some of Mr. Day's associates in the banks feel that his retirement from the directorate might be beneficial. Please advise whether Mr. Day has resigned as a director of the banks named in his recent application, and if not whether, in your opinion, the Board should give consideration to the revocation of the permit previously issued to Mr. Day. If you feel that action should be taken by the Board to revoke the permit, it is requested that you submit a full statement of the facts upon which your opinion is based."

Approved.

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

Mr. Wm. C. Grauel, for permission to serve at the same time as an officer of The Merchants National Bank of Indianapolis, Indianapolis, Indiana, and as a director of the Brightwood State Bank, Indianapolis, Indiana.

Mr. Grover C. Helm, for permission to serve at the same time as a director of the Peoples Bank of Bloomington, Bloomington, Illinois, and as a director and officer of The First National Bank of Mackinaw, Mackinaw, Illinois.

Mr. Henry Borgsmiller, Jr., for permission to serve at the same time as a director of The First National Bank of Murphysboro, Murphysboro, Illinois, and as a director of the Murphysboro Savings Bank, Murphysboro, Illinois.

4/26/34

-29-

Mr. A. M. Carter, for permission to serve at the same time as a director and officer of The First National Bank of Murphysboro, Murphysboro, Illinois, and as a director and officer of the Murphysboro Savings Bank, Murphysboro, Illinois.

Miss Viola Gallagher, for permission to serve at the same time as an employee of The First National Bank of Murphysboro, Murphysboro, Illinois, and as an employee of the Murphysboro Savings Bank, Murphysboro, Illinois.

Mr. Fred B. Herbert, for permission to serve at the same time as a director and officer of The First National Bank of Murphysboro, Murphysboro, Illinois, and as a director and officer of the Murphysboro Savings Bank, Murphysboro, Illinois.

Mr. R. J. Hodge, for permission to serve at the same time as an officer of The First National Bank of Murphysboro, Murphysboro, Illinois, and as an officer of the Murphysboro Savings Bank, Murphysboro, Illinois.

Mr. W. King, for permission to serve at the same time as an officer of The First National Bank of Murphysboro, Murphysboro, Illinois, and as an officer of the Murphysboro Savings Bank, Murphysboro, Illinois.

Miss Blanche Martin, for permission to serve at the same time as an employee of The First National Bank of Murphysboro, Murphysboro, Illinois, and as an employee of the Murphysboro Savings Bank, Murphysboro, Illinois.

Mr. Clarence Palisch, for permission to serve at the same time as an employee of The First National Bank of Murphysboro, Murphysboro, Illinois, and as an employee of the Murphysboro Savings Bank, Murphysboro, Illinois.

Approved.

Letter dated April 24, 1934, approved by four members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of her application as follows:

Mrs. Jane W. Dutton, for permission to serve at the same time as a director and officer of The National Bank & Trust Company of Sycamore, Sycamore, Illinois, and as a director and officer of the Virgil State Bank, Virgil, Illinois.

Approved.

4/26/34

-30-

Letter dated April 24, 1934, approved by six members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. Henry J. Schuler, for permission to serve at the same time as an officer of the Bank of New York and Trust Company, New York, New York, and as a director of The First National Bank of Bellmore, Bellmore, New York.

Approved.

Letter dated April 25, 1934, approved by five members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. F. W. Hitzeman, for permission to serve at the same time as an officer of the Fort Wayne National Bank, Fort Wayne, Indiana, and as a director of the Old-First National Bank in Bluffton, Bluffton, Indiana.

Approved.

Letters dated April 25, 1934, approved by six members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. C. L. Cobb, for permission to serve at the same time as a director and officer of The Peoples National Bank of Rock Hill, Rock Hill, South Carolina, and as a director of the Charlotte branch of the Federal Reserve Bank of Richmond, Charlotte, North Carolina.

Mr. Arthur A. Bentley, for permission to serve at the same time as a director and officer of the Fulton State Bank, Fulton, Illinois, and as a director of The City National Bank of Clinton, Clinton, Iowa.

Approved.

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

4/26/34

-31-

Mr. Thomas L. Evans, for permission to serve at the same time as a director and officer of the Farmers Savings Bank, Beaman, Iowa, and as a director of The First National Bank of Gladbrook, Gladbrook, Iowa.

Mr. E. S. Jernegan, for permission to serve at the same time as a director of The Northern California National Bank of Redding, Redding, California, as a director of the Bank of Tehama County, Red Bluff, California, and as a director of the First National Bank in Bakersfield, Bakersfield, California.

Mr. E. C. Frisbie, for permission to serve at the same time as a director and officer of The Northern California National Bank of Redding, Redding, California, and as a director and officer of The First National Bank in Yreka, Yreka, California.

Approved.

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

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 4.</u>		
The Commercial National Bank of Latrobe, Latrobe, Pennsylvania	116	116
<u>District No. 5.</u>		
The Southern National Bank of Orangeburg, Orangeburg, South Carolina	66	66
<u>District No. 8.</u>		
First National Bank at East St. Louis, East St. Louis, Illinois	150	
The National Deposit Bank in Owensboro, Owensboro, Kentucky	<u>114</u>	264
<u>District No. 11.</u>		
First National Bank at Antlers, Antlers, Oklahoma	51	51
<u>District No. 12.</u>		
First National Bank in Tonasket, Tonasket, Washington	36	36
	<u>Total</u>	<u>533</u>
<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 2.</u>		
Lawyers County Trust Company, New York, New York	150	150

4/26/34

-32-

<u>Applications for ADDITIONAL Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 9.</u>			
First National Bank in Phillips, Phillips, Wisconsin	12		12
<u>District No. 11.</u>			
The First National Bank of Douglas, Douglas, Arizona	21		
The First National Bank of Port Neches, Port Neches, Texas	12		
The First National Bank of Waco, Waco, Texas	30		
The First National Bank of Weslaco, Weslaco, Texas	9		72
	<u>Total</u>		<u>234</u>

Applications for SURRENDER of Stock:

<u>District No. 1.</u>			
The Wilton National Bank, Wilton, New Hampshire	15		15
<u>District No. 2.</u>			
LaFayette National Bank of Brooklyn in New York, New York, N. Y.	390		390
<u>District No. 3.</u>			
The Ocean City National Bank, Ocean City, New Jersey	120		120
<u>District No. 4.</u>			
The First National Bank of Mt. Healthy, Mt. Healthy, Ohio	75		
The Paulding National Bank, Paulding, Ohio	48		
The First National Bank & Trust Co. of Ford City, Ford City, Pennsylvania	<u>126</u>		249
<u>District No. 5.</u>			
The First National Bank of Granville at Oxford, Oxford, North Carolina	240		240
<u>District No. 7.</u>			
The First National Bank of Wyandotte, Wyandotte, Michigan	108		108
<u>District No. 9.</u>			
The First National Bank of Holland, Holland, Minnesota	18		18



4/26/34

-33-

<u>Applications for SURRENDER of Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 11.</u>			
The First National Bank of Lockhart, Lockhart, Texas		150	
The Lockhart National Bank, Lockhart, Texas		<u>150</u>	300
<u>District No. 12.</u>			
The First National Bank of Hardwick, California		<u>21</u>	<u>21</u>
		<u>Total</u>	<u>1,461</u>

Approved.

Thereupon the meeting adjourned.

Walter Howell  
Secretary.

Approved:

A. P. Miller  
Chairman, Executive Committee.