

A meeting of the Federal Reserve Board was held in Washington on Wednesday, May 16, 1934, at 11:30 a. m.

PRESENT: The Secretary of the Treasury  
Mr. Black, Governor  
Mr. Hamlin  
Mr. James  
Mr. Thomas  
Mr. Szymczak

Mr. Morrill, Secretary  
Mr. Awalt, Deputy Comptroller.

The Governor stated that the meeting had been called at the request of Mr. Morgenthau and that he would be glad if Mr. Morgenthau would take up any subject that he desired to discuss. Mr. Morgenthau said that in view of the fact that as Secretary of the Treasury he was interested in matters affecting national banks which came under the jurisdiction of the Comptroller of the Currency and at the same time as a member of the Federal Reserve Board he was also interested in matters affecting State member banks of the Federal reserve system, he would like to discuss with the Board the ruling which he understood had been made with respect to the power of member banks to handle orders for the purchase and sale of stock on the order or for the account of their customers and wished to be informed as to the Board's viewpoint. Governor Black then reviewed briefly the history of the consideration of the matter, stating that, prior to the meeting of the Board at which the matter was acted upon, he had discussed it with the Comptroller of the Currency and Mr. Awalt, and that both were present and participated in the Board meeting but that the Comptroller had not concurred with the other members of the Board on

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this matter, and, therefore, the Board had confined its ruling to State member banks. Mr. Morgenthau said that in the circumstances he wished to consult his General Counsel, Mr. Oliphant, regarding the legal question involved and Governor Black said that he would be very glad if Mr. Oliphant would discuss it with him, to which Mr. Morgenthau agreed. The Governor added that the Board would be very glad if the Secretary would attend any or all Board meetings and participate in the discussions.

The Secretary said that he also wished to ascertain what the legislative situation might be as to the industrial credit bill. Governor Black told him that the bill had passed the Senate but that he had been unable to ascertain what the situation was in the House, notwithstanding the fact that after each meeting of the House Banking and Currency Committee he had inquired as to the action of the committee. The Governor said that he had talked with the President yesterday and that the President had said that he would take the matter up with Mr. Steagall. There followed some discussion as to the provisions of the bill and Mr. Morgenthau said that he would give it further study.

Mr. Morgenthau then left the meeting and the Board considered and acted upon the following matters:

Mr. Morrill referred to approval by the Board of the appointment of Miss Helen R. Grunwell as a draftsman in the Division of Research and Statistics, effective June 1, 1934, subject to her passing a satisfactory physical examination, and advised that the physician's report of the examination stated that, while she is in fairly good physical condition,

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she is tremendously underweight, and that, although it was felt her health is satisfactory, according to insurance standards she would be rated up 15%. He also submitted a memorandum dated May 10, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, stating that he had inquired at the Federal Reserve Bank of New York as to the policy followed at that bank with regard to applicants for positions who are underweight and that it had been learned that the bank does not consider this condition a handicap, unless it is accompanied or caused by some more serious trouble. The memorandum also stated that inquiry regarding Miss Grunwell's past record in the matter of health and attendance had been made and found to be entirely satisfactory, and that in view of these conditions it was recommended that Miss Grunwell's appointment be approved. Mr. Morrill said that Mr. Miller, who could not be present at this meeting because of illness, had stated that he felt the question of policy involved in Mr. Goldenweiser's recommendation should be considered by the Board, as this is the first case in which the physician's report was in any way qualified.

After discussion, during which it was pointed out that no unsatisfactory condition was disclosed by the examination other than the fact that Miss Grunwell was underweight, and that her health and attendance record appear to have been satisfactory in her present employment, the appointment was approved unanimously.

Telegrams dated May 16, 1934, from Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, and Mr. Wood, Chairman of the Federal Reserve

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Bank of St. Louis, all advising that, at meetings of the boards of directors today, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated May 12, 1934, from Mr. Smead, Chief of the Division of Bank Operations, transmitting and recommending acceptance of the resignations of Mr. J. E. Tanner and Mr. P. J. Ryan as clerks on the night force of the gold settlement section of the division, effective April 10 and May 8, 1934, respectively.

Approved.

Memorandum dated May 14, 1934, from Mr. Wyatt, General Counsel, transmitting and recommending acceptance of the resignation of Mrs. Margaret F. Raynor as a stenographer in the legal division, effective at the close of business on May 15, 1934.

Approved.

Memorandum dated May 14, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, transmitting the resignation of Mrs. Franc S. Caskey as a stenographer in the division and recommending that, in accordance with the usual practice where employees have worked for three years or longer, Mrs. Caskey be granted thirty days leave of absence with pay, and that her resignation be accepted as of the close of business on July 10, 1934.

Approved.

Letter to Mr. Rounds, Chairman of the Retirement Committee of the Retirement System of the Federal Reserve Banks, reading as follows:



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"The Board has had under consideration the subject of your letter of April 28 in regard to employees who are members of the retirement system and are sixty-five or more years of age. These employees are listed below, together with the age and occupation of each, and a brief statement of the reasons for continuance in service.

<u>Name</u>	<u>Age</u>	<u>Occupation</u>	<u>Remarks</u>
L. G. Copeland (married)	65	Chief, Division of Issue & Redemption	Still active.
Addie K. Burchard (widow)	71	Money Counter	Still active. In calendar year 1933 averaged 4th out of 17 in average daily speed.
Caroline B. Quesen- berry	67	Money Counter	Still very active. In calendar year 1933 averaged 2nd out of 17 in average daily speed.
Susan U. Snead	65	Money Counter	Regarded as an ef- ficient counter and while not so high in average speed ranks almost the highest in detecting errors.
Mary L. Soule (widow)	76	Money Counter	Regarded as an ef- ficient counter and still active.
R. N. Simms (married)	66	Messenger as- signed to the Division of Examinations.	Still active; steady, and very dependable.

"In view of the apparent quality of the services now being rendered by these employees the Board does not now contemplate retiring these employees and therefore it is requested that the Retirement Committee approve their continuance in service for a period of one year in accordance with section 3, subsection (1), paragraph (a) of the Rules and Regulations."

Approved.

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Telegram dated May 15, 1934, approved by four members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Mr. Young's telegram May fourteenth. Board approves designation of Emory K. Hill as assistant examiner in Federal Reserve Agent's department your bank at salary rate of \$3,240 per annum. Please advise effective date and furnish usual information."

Approved.

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

"The Board has reviewed the information submitted with the application of the 'Villa Grove State Bank', Villa Grove, Illinois, for membership in the Federal Reserve System. In submitting the application you state:

'Based on careful investigation in two field examinations and reports the bank's future success is questioned and it appears advisable to request the subject (bank) to withdraw its application for the present, and I recommend accordingly.'

and the special committee appointed by the Board of Directors of the Reserve Bank to pass upon applications of State banks for membership states:

'Although reports indicate bank to be solvent, it is our opinion that the Institution should not be admitted to membership at this time.'

"As stated in the Board's letter of September 11, 1933, X-7581a, it has been the consistent policy of the Board not to admit a bank to membership unless the Federal Reserve Bank and the Federal Reserve Agent have recommended such admission. In accordance with its expressed policy, therefore, the Board does not approve the application of the Villa Grove State Bank for membership at this time.

"It is suggested, therefore, that you communicate with the bank and suggest the withdrawal of its application, in which event, although the application itself and the accompanying papers will remain a part of the Board's files, no adverse action thereon will be taken by the Board. If, at a later time, you feel that the Board would be justified in again considering the matter, the Board will be glad to do so upon your recommendation accompanied by a new application and a current report of examination."

Approved.

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Telegram dated May 15, 1934, approved by three members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Retel May 11, 1934 regarding proposed purchase by 'The Colorado Savings and Trust Company', La Junta, Colorado of certain assets of the First National Bank, La Junta. In view of your recommendation Board interposes no objection to purchase provided transaction is carried out in accordance with the plan approved by the Comptroller of the Currency February 27, 1934 and the contract of sale is approved by the Comptroller of the Currency, the State Bank Commissioner and a Court of competent jurisdiction."

Approved.

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

"The Federal Reserve Board has again considered the application of 'The National Bank of Washington', Washington, Iowa, for permission to exercise full fiduciary powers under the provisions of Section 11(k) of the Federal Reserve Act.

"In view of the information contained in the report of examination of April 11, 1934, and that previously submitted in connection with this application, and the adverse recommendation of yourself and your executive committee, in which the Comptroller of the Currency concurs, the Board is unwilling to approve the bank's application for fiduciary powers. You are requested, therefore, to advise The National Bank of Washington that the Board has denied its application.

"The Board will be glad to consider another application from the subject bank whenever its condition, management and need for trust powers are such that you and your executive committee would be willing to submit it with a favorable recommendation."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock



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"of 'The First National Bank and Trust Company of Northport', Northport, New York, from \$100,000 to \$50,000, pursuant to a plan which provides that the bank's capital shall be increased by \$50,000 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, shall be used to eliminate unsatisfactory assets and to reduce investment securities to market values, all as set forth in your memorandum of May 4, 1934."

Approved.

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

"Receipt is acknowledged of your memorandum of April 25, 1934, with reference to the proposed reduction in the common capital of 'The Hamlin National Bank of Holcomb', Holcomb, New York, from \$100,000 to \$50,000 and sale of \$100,000 of preferred stock to the Reconstruction Finance Corporation, which was approved by the Board on December 14, 1933.

"You advise that a change in the plan is contemplated whereby only \$60,000 preferred stock will be sold to the Reconstruction Finance Corporation and/or others, and that the released capital shall be used to eliminate estimated losses and reduce the book value of lower grade bonds.

"In accordance with your recommendation, the Board approves the amendment to the original plan as set forth in your memorandum of April 25, 1934.

"In considering the plan under which the proposed reduction in capital is to be effected, it has been noted that after application of the released capital to the elimination of estimated losses and lower grade bond depreciation, there will remain in the bank approximately \$8,300 of depreciation in higher grade and \$55,400 of depreciation in lower grade securities which, if considered as a loss, will impair the bank's common capital by approximately \$39,700. 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 to Mr. O'Connor, Comptroller of the Currency, reading as follows:



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"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Farmers National Bank of Lincoln', Lincoln, Kansas, from \$35,000 to \$20,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$30,000 of preferred stock to the Reconstruction Finance Corporation and that the released capital shall be used to eliminate approximately \$10,000 of unsatisfactory assets and to establish a surplus account of \$5,000, all as set forth in your memorandum of May 8, 1934."

Approved.

Letter dated May 15, 1934, approved by four members of the Board, to General Hugh S. Johnson, Administrator of the National Recovery Administration, reading as follows:

"Section 6 of Article VII of the proposed code of fair competition for the telegraph communications industry provides that no member of the industry shall enter into any lease of a wire, or provide any leased wire service under existing lease, or otherwise, which permits the use of such wire in telegraphic communication by any person or corporation other than the lessee thereof. The second paragraph of this section provides that the section shall not apply \* \* \* to wires, circuits or services furnished to the United States, or to any of its agencies \* \* \*.

"Under a contract of lease with the American Telephone and Telegraph Company, signed by the Federal Reserve Board as patron, the telegraph company furnishes leased telegraph wires between the Board's offices in Washington and the twelve Federal reserve banks located in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

"Under separate contracts executed by each of nine Federal reserve banks which have branches, leased telegraph wires are furnished between the Federal reserve bank and its branch or branches.

"While the telegraph wires covered by all of these contracts are used primarily by the Federal Reserve Board and the Federal reserve banks for the conduct of their official business, they are also used for the transmission by the Board and the Federal reserve banks of certain official telegrams for the Treasury Department, the Reconstruction Finance Corporation, and other Government establishments and agencies. This practice results in more efficient use of the facilities provided under the contracts and, in the opinion of the Board, is definitely in the

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"public interest.

"While it would appear that it is the intention of Section 6 of Article VII of the proposed code to exempt the facilities referred to above from the operation of the section, it is not entirely clear that such would be the case. Accordingly, it is recommended that consideration be given to the desirability of changing the second paragraph of Section 6 to provide that the section shall not apply to wires, circuits or services furnished to the United States or to or through any of its agencies, and shall not affect, limit, or restrict the use by or for the benefit of the United States or establishments or agencies thereof of any wires, circuits or services. This would remove all doubt that the section would not apply to, and would have no effect upon the continuation of, the facilities referred to above or the manner in which they are being used at the present time.

"The Federal Reserve Board feels that this matter is one of importance to the Government establishments and agencies whose messages are transmitted over the leased telegraph wires furnished under the contracts above referred to and earnestly hopes, therefore, that favorable consideration will be given to this suggestion."

Approved.

Letter to Honorable Duncan U. Fletcher, Chairman of the Committee on Banking and Currency of the United States Senate, reading as follows:

"This refers to the letter from the Acting Clerk of your Committee, dated May 4, 1934, requesting a report on S. 3530, entitled 'A Bill Relating to Philippine currency reserves on deposit in the United States'. The bill is apparently designed to compensate the Government of the Philippine Islands for the decrease in the convertible value (resulting from the reduction of the weight of the gold dollar) of the balances maintained in banks of the United States by the Government of the Philippine Islands for its gold standard fund and its Treasury certificate fund.

"It is believed that the bill raises a question of policy which does not come within the jurisdiction of the Federal Reserve Board, and in the circumstances the Federal Reserve Board prefers not to express any opinion in regard thereto."

Approved.

Telegram dated May 15, 1934, approved by five members of the

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Board, to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"In view of circumstances stated in your wire of May 11, Board authorizes your bank to continue to carry deposits for State Street Bank and Trust Company, Quincy, Illinois, for an additional period of sixty days."

Approved.

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

"Receipt is acknowledged of your letter of April 7, 1934 with regard to the transfer by the Gloucester Safe Deposit and Trust Company, Gloucester, Massachusetts, from the commercial department to the savings department of deposits held in the interest department.

"From the information submitted, it is apparent that the deposits transferred July 20, 1933, from the interest department to the savings department remain demand deposits as defined in Regulation D until the depositors accept the savings department pass books in lieu of the interest department pass books; and that, therefore, these deposits have been incorrectly classed as savings deposits and the bank has been improperly computing reserves thereon. In view of your conviction, however, that the bank has not wilfully disregarded the provisions of the Federal Reserve Act and the Board's regulation regarding the maintenance of reserves, the Board will take no action at this time with respect to the bank's membership on account of such continued violations in the past. The Board, however, has no authority to waive the provisions of the law; and you are requested to notify the bank that deposits which are still represented by interest department pass books must be classed as demand deposits for the purpose of computing reserves on such deposits.

"It is also apparent that the bank has been paying interest on deposits payable on demand. It is understood, however, that interest has been paid on such deposits in accordance with contracts entered into in good faith before June 16, 1933, and in force on that date. As you know, section 19 of the Federal Reserve Act excepts deposits represented by such contracts from the prohibition against the payment of interest on deposits payable on demand; but requires that a member bank shall take such action as may be necessary, as soon as possible consistently



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"with its contractual obligations, to eliminate from any such contract any provision for the payment of interest on deposits payable on demand. Accordingly, you are further requested to advise the bank that, in order to comply with the requirements of the law and of the Board's Regulation Q, it will be expected to discontinue the payment of interest on the demand deposits subject to such contracts as soon as possible by completing the exchange of interest department pass books for savings department pass books or by any other method which it may deem advisable in the circumstances.

"It is noted that the bank's savings department pass book provides that the deposits indicated by such book are subject to notice to the full extent provided by law prior to withdrawal, but that shorter notice may be required or may be waived entirely at the discretion of the bank. It is understood that the law of the State of Massachusetts provides that the treasurer of a trust company may at any time require a depositor in the company's savings department to give written notice not exceeding ninety days of his intention to withdraw the whole or any part of his deposits; and it is assumed, therefore, that a depositor in the savings department of the bank here involved may be required by the bank to give notice in writing of an intended withdrawal not less than thirty days before a withdrawal is made. However, it is believed that this point should be given consideration by your counsel; and, in any event, it is suggested that the provision here in question should be revised by the bank when a favorable opportunity presents itself so as to make such provision conform more closely to the language employed in the definition of savings deposits set forth in Section V of the Board's Regulation Q."

Approved.

Letter to Mr. Robert S. Parker, Atlanta, Georgia, reading as follows:

"This refers to your letter of February 21, 1934, regarding the question whether a member bank may lawfully pay interest at the rate of 3% per annum on a time certificate of deposit payable in 90 days.

"In its letter of February 3, 1934 (X-7793), the Federal Reserve Board expressed the opinion that the payment of interest at the rate of 3% per annum on a time certificate of deposit payable at the expiration of 90 days or at the expiration of any other period (not less than 30 days), whether such interest is paid in cash at maturity or added to the renewal certificate,



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"does not constitute a violation of Section III(c) of Regulation Q, which provides that no member bank shall pay interest accruing after October 31, 1933, on any time deposit or any part thereof at a rate in excess of 3% per annum, compounded semiannually. You state that prior to the receipt of the Board's letter, you had expressed substantially the same opinion with respect to this question in letters to the Secretary of the Tennessee Bankers Association and to a national bank in Nashville, Tennessee; but that in each case you qualified your opinion by a statement to the effect that such opinion presupposed the absence of any understanding entered into for the purpose of evading any prohibition of law, and that the question in the last analysis is whether the certificates were issued in good faith with no understanding or agreement that they would be renewed at maturity and with the full right on the part of the depositors to withdraw the amount of the certificates at maturity.

"While the Board's letter of February 3, 1934, did not contain the qualifications mentioned in your letter as there was nothing in the inquiry received by the Board in this connection which suggested a purpose to evade or contravene the law, the Board finds no reason to differ with the qualifying statements contained in your letters on this subject and agrees that a member bank should be prepared to show that transactions of the kind here in question were not entered into for the purpose of evading any of the provisions of the Federal Reserve Act or of the Board's Regulations. It is believed that the qualifications suggested by you should be borne in mind in determining whether a member bank in a particular case is paying interest in excess of that prescribed in Regulation Q."

Approved.

Letter dated May 15, 1934, approved by five members of the Board, to Mr. H. O. Dilley, Cashier of The First National Bank of Northfield, Minnesota, reading as follows:

"Mr. Martin has drawn to the attention of the members of the Federal Reserve Board the resolution adopted by the Rice County Bankers Association on April 11, 1934, copy of which you handed to him, requesting 'the Federal Reserve Board to set the maximum rate of interest to be paid on time deposits at 2 1/2% per annum'.

"As you may know, the Board, acting pursuant to the provisions of Section 19 of the Federal Reserve Act as amended by

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"Section 11(b) of the Banking Act of 1933 and after making a careful survey of banking practices throughout the country, fixed a limit of 3% for the country as a whole upon the interest that may be paid by member banks of the Federal reserve system on time and savings deposits. 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 in a particular section from fixing lower rates. On the contrary, it was contemplated by the Board in fixing only a maximum rate that banks would be free to take such action in their own discretion, and many banks throughout the country have done so as a matter of sound banking practice. In the circumstances the Board does not feel that it would be justified in lowering the maximum in order to meet the situation you have in mind."

Approved.

Letter dated May 15, 1934, approved by four members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"This refers to your letters of December 7, 1933, and March 5, 1934, with inclosures, in regard to the question whether it would be necessary under the provisions of the Banking Act of 1933 to separate or divorce the Central National Bank, San Angelo, Texas, and the Central Loan Company, an affiliate of that bank.

"From the information submitted with your letter it appears that the Central Loan Company has, with a few exceptions, confined its loans to real estate loans and has issued debentures to its customers secured by such loans; that such company has outstanding only three or four loans secured by stocks and bonds; that such loans are being liquidated, and no new loans of that character are to be made. It appears further that the Company does not contemplate dealing in stocks, bonds debentures, notes, or other securities, except that it may sell stocks or bonds held by it as collateral security upon a default in payment of the loans secured thereby; and that the Company does not contemplate making any new or additional loans until its outstanding debentures are retired, except loans which may be necessary to protect its collateral, and does not contemplate issuing any additional debentures.

"The principal question raised is whether the Company will be engaged in business of a kind which will bring it

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"within the provisions of Section 20 of the Banking Act of 1933 so as to require its divorcement from the national bank on or before June 16, 1934. Since the information submitted indicates that the Company does not propose to issue or sell any securities of the kind referred to in that section until its outstanding debentures are retired, there would appear to be no reason to differ from the conclusion of your counsel to the effect that during such period, at least, Section 20 would not require the divorcement of this affiliate. However, it is noted that the proposed resolution of the Board of Directors of the Company, a copy of which you inclose, states that the Company may sell 'notes' owned by it for the purpose of paying off and retiring outstanding debentures. It seems probable that these notes are not notes of the kind referred to in Section 20, but in this connection, reference is made to the Board's letters of April 13, 1934 (X-7859) and April 16, 1934 (X-7866).

"It is hoped that these two letters, and the above discussion, will enable you to answer satisfactorily the inquiries in connection with this matter. However, if you should still desire a ruling of the Board, it is requested that you furnish it with all pertinent information together with your recommendation and the opinion of counsel for your bank.

"It is noted that counsel for your bank have called attention to the fact that Section 5139 of the Revised Statutes, as amended by Section 18 of the Banking Act of 1933 apparently will be violated, after June 16, 1934, if there exists a prohibition against the transfer of the stock of the bank without a corresponding transfer of the stock of the Company. However, it is believed that this question is one which is properly within the jurisdiction of the Comptroller of the Currency; and the Board, therefore, does not feel that it should express an opinion with respect thereto."

Approved.

Letter dated May 15, 1934, approved by four members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Your letter of December 28, 1933, asks whether organizations engaged in the negotiation and sale of real estate mortgages or in the sale of notes or debentures secured by real estate mortgages should be regarded as engaged primarily in the business of purchasing, selling, or negotiating securities within the meaning of Section 32 of the Banking Act of 1933.



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"In this connection, you inclose a memorandum prepared by the First Trust Company of Lincoln, Nebraska, which describes the various activities of that company.

"Since the date of your letter, the Board has written its letter of April 16, 1934, (X-7866) relating to this question, and it is hoped that it will be of assistance to you in replying to inquiries of the kind to which you refer.

"It has been noted that the First Trust Company of Lincoln apparently deals in securities, although the memorandum states that the 'transaction(s) in bonds are very largely on customers' order.' As you know, a person who merely executes in the open market, as broker, orders for the purchase and sale of securities belonging to others is not regarded as coming within the provisions of Section 32. See the Board's letter of April 13, 1934 (X-7860). However, the memorandum does not show to what extent purchases and sales of securities are made by the company as dealer on its own account, and the Board is not in a position to determine definitely on the basis of the facts presented whether the company comes within the provisions of Section 32. It is believed, however, that, in the light of the discussion contained in the letters of the Board referred to above and upon obtaining more detailed information as to its securities business, you will be in a position to advise the company regarding the matter."

Approved.

Letter dated May 15, 1934, approved by five members of the Board, to Mr. William G. Baker, Jr., Baltimore, Maryland, stating that it appears that the relationship covered by his application under section 32 of the Banking Act of 1933 for a permit to serve at the same time as a director of the First National Bank of Baltimore and as a partner of Baker, Watts & Company, both of Baltimore, Maryland, is within the class which section 32 was designed to terminate, and that, accordingly, the Board is unable to find that it would not be incompatible with the public interest as declared by the Congress to grant the application, although in the event the applicant desires to submit further facts or arguments in support of the application the Board is prepared to give



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them careful consideration. The letter stated also that, in view of the above, it would serve no useful purpose to pass upon Mr. Baker's application under the Clayton Act, since a permit issued under the provisions of that act would not have the effect of rendering lawful a relationship prohibited by section 32 of the Banking Act of 1933; and that, furthermore, in view of the fact that section 8A of the Clayton Act was apparently directed at interlocking relationships between national banks and organizations which make loans secured by stock or bond collateral, either in connection with the carrying of margin accounts or otherwise, and in view of the fact that a substantial portion of the business of Baker, Watts & Company apparently consists in the carrying of such accounts, the Board would not, in any event, be disposed to issue to Mr. Baker a permit under the Clayton Act covering the relationship described above.

Approved.

Letter dated May 15, 1934, approved by five members of the Board, to the following applicant for a permit under section 32 of the Banking Act of 1933, stating that it appears that the relationship covered by the application is within the class which section 32 was designed to terminate, and that, accordingly, the Board is unable to find that it would not be incompatible with the public interest as declared by the Congress to grant the application, although in the event the applicant desires to submit further facts or arguments in support of the application the Board is prepared to give them careful consideration:

Mr. Augustus Knight, for permission to serve at the same time

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as a director of the State Bank and Trust Company, of Evanston, Illinois, and as president of Bartlett, Knight & Company, of Chicago, Illinois.

Approved.

Letters to the following applicants for permits under section 32 of the Banking Act of 1933; each letter stating that it appears that the relationship covered by the application is within the class which section 32 was designed to terminate, and that, accordingly, the Board is unable to find that it would not be incompatible with the public interest as declared by the Congress to grant the application, although in the event the applicant desires to submit further facts or arguments in support of the application, the Board is prepared to give them careful consideration:

Mr. Edwin R. Marshall, for permission to serve at the same time as an officer and director of the Boulevard Trust Company of Brookline, Brookline, Massachusetts, and as an officer and director of the First of Boston Corporation of Massachusetts, Boston, Massachusetts.

Mr. Eugene B. Favre, for permission to serve at the same time as a director of the Spokane and Eastern Trust Company and as president of Murphey, Favre & Co., both of Spokane, Washington.

Approved.

Letters dated May 15, 1934, approved by four members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. Wm. Lawther, for permission to serve at the same time as a director and officer of The First National Bank of Dubuque, Dubuque, Iowa, and as a director and officer of The First State Bank, Brisbane, North Dakota.

Mr. A. I. Engebretson, for permission to serve at the same time as a director and officer of The First National Bank of Halstad, Halstad, Minnesota, and as a director and officer of the Norman County State Bank, Hendrum, Minnesota.

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Mr. J. I. Hegge, for permission to serve at the same time as a director and officer of the First National Bank of Hillsboro, Hillsboro, North Dakota, and as a director and officer of the Farmers State Bank of Maddock, Maddock, North Dakota.

Approved.

Letter to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, stating that the Board has given consideration to the following application for a permit under the Clayton Act, and that, upon the basis of the information before it, the Board feels that the issuance of the permit applied for would be incompatible with the public interest. The letter also requested the agent to communicate to the applicant the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. James M. Easter, for permission to serve at the same time as a director of the Maryland Trust Company, Baltimore, Maryland, and as a director of The First National Bank of Baltimore, Baltimore, Maryland.

Approved.

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

Mr. Edward H. Dillon, for permission to serve at the same time as a director of The First National Bank of Hartford, Hartford, Connecticut, and as a director of The Morris Plan Bank of Hartford, Hartford, Connecticut.

Mr. Thomas W. Russell, for permission to serve at the same time as a director of The First National Bank of Hartford, Hartford, Connecticut, and as a director of The Morris Plan Bank of Hartford, Hartford, Connecticut.

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Mr. James Lee Loomis, for permission to serve at the same time as a director of The First National Bank of Hartford, Hartford, Connecticut, and as a director of The Simsbury Bank & Trust Company, Simsbury, Connecticut.

Mr. G. Dawson Coleman, for permission to serve at the same time as a director and officer of The First National Bank of Lebanon, Lebanon, Pennsylvania, and as a director of The Lebanon County Trust Company, Lebanon, Pennsylvania.

Mr. William C. Freeman, for permission to serve at the same time as a director of The First National Bank of Lebanon, Lebanon, Pennsylvania, and as a director and officer of The Lebanon County Trust Company, Lebanon, Pennsylvania.

Mr. Erik Johnson, for permission to serve at the same time as a director and officer of The First National Bank of Bovey, Bovey, Minnesota, as a director of The First National Bank of Keewatin, Keewatin, Minnesota, and as a director and officer of The American National Bank of Nashwauk, Nashwauk, Minnesota.

Mr. Edw. W. Leach, for permission to serve at the same time as a director and officer of The First National Bank of Keewatin, Keewatin, Minnesota, and as a director of The First National Bank of Bovey, Bovey, Minnesota.

Mr. Fred Holroyd, for permission to serve at the same time as a director of The First National Bank of Sedan, Sedan, Kansas, and as a director of the Peru State Bank, Peru, Kansas.

Mr. L. D. Severns, for permission to serve at the same time as a director of The First National Bank of Sedan, Sedan, Kansas, and as a director and officer of the Peru State Bank, Peru, Kansas.

Approved.

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

Application for ORIGINAL Stock:  
District No. 11.

Shares

The Robstown National Bank,  
Robstown, Texas

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<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 1.</u>		
Boulevard Trust Company, Brookline, Mass.	3	
The Sharon National Bank, Sharon, Connecticut	9	
The First National Bank of Farmington, Farmington, Maine	30	
The Park National Bank of Holyoke, Holyoke, Massachusetts	90	
The Merchants National Bank of Salem, Salem, Massachusetts	210	
Springfield National Bank, Springfield, Massachusetts	120	
The Crocker National Bank of Turners Falls, Turners Falls, Massachusetts	18	
The Mechanics National Bank of Worcester, Worcester, Massachusetts	330	
The Lakeport National Bank of Laconia, Laconia, New Hampshire (P. O. Lakeport Station)	36	
The First National Bank of Bennington, Bennington, Vermont	54	
The Caledonia National Bank of Danville, Danville, Vermont	<u>30</u>	930
<u>District No. 2.</u>		
The National Bank of New Jersey, New Brunswick, New Jersey	120	
The Ridgefield National Bank, Ridgefield, New Jersey	33	
The City National Bank & Trust Co. of Hackensack, Hackensack, New Jersey	51	
The Cambridge Valley National Bank, Cambridge, New York	12	
The Irvington National Bank & Trust Company, Irvington, New York	21	
First & Second National Bank & Trust Co. of Oswego, Oswego, New York	60	
The Wallkill National Bank, Wallkill, New York	<u>30</u>	327
<u>District No. 4.</u>		
The Commercial Bank Company, Celina, Ohio	15	
The Central Trust Company, Cincinnati, Ohio	60	
The Fifth Third Union Trust Company, Cincinnati, Ohio	1,200	

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<u>Applications for ADDITIONAL Stock: (Continued)</u>		<u>Shares</u>
<u>District No. 4. (Continued)</u>		
The Citizens Banking & Savings Company of Conneaut, Conneaut, Ohio		5
The Home Banking Company, Gibsonburg, Ohio		3
The Commerce Guardian Bank, Toledo, Ohio		600
Wheeling Dollar Savings & Trust Company, Wheeling, West Virginia	<u>1,200</u>	3,083
<u>District No. 9.</u>		
The American National Bank of Nashwauk, Nashwauk, Minnesota		11
The First National Bank of Circle, Circle, Montana		11
The Security National Bank & Trust Company of Sioux Falls, Sioux Falls, South Dakota		30
The First National Bank of Albert Lea, Albert Lea, Minnesota		60
The Empire National Bank & Trust Co. of St. Paul, St. Paul, Minnesota		30
The First National Bank of Winona, Winona, Minnesota		30
The First National Bank of Hardin, Hardin, Montana		1
The First National Bank of Kalispell, Kalispell, Montana		12
First National Bank of Hillsboro, Hillsboro, North Dakota		45
The First National Bank of Mandan, Mandan, North Dakota		57
The First National Bank of Lead, Lead, South Dakota		108
The Redfield National Bank, Redfield, South Dakota		17
The Northwestern National Bank of Litchfield, Litchfield, Minnesota		21
Stock Yards National Bank of South St. Paul, South St. Paul, Minnesota		15
The Dakota National Bank of Fargo, Fargo, North Dakota		3
The National Bank of Huron, Huron, South Dakota		75
First National Bank in Mobridge, Mobridge, South Dakota		12
Farmers & Merchants Bank, Huron, South Dakota	<u>1</u>	

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Applications for ADDITIONAL Stock: (Continued) SharesDistrict No. 10.

The First National Bank of Tekamah, Tekamah, Nebraska	3	3
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District No. 12.

Security-First National Bank of Los Angeles, Los Angeles, California	600	
The First National Trust & Savings Bank of San Diego, San Diego, California	120	720
<b>Total</b>		<b>5,602</b>

Applications for SURRENDER of Stock:District No. 2.

The Metuchen National Bank, Metuchen, New Jersey	90	
Webster National Bank, Webster, New York	33	
The South Side National Bank & Trust Company of Newark, Newark, New Jersey	<u>300</u>	423

District No. 7.

Chelsea State Bank, Chelsea, Michigan	24	
The First National Bank of De Kalb, De Kalb, Illinois	120	
The La Rose National Bank, La Rose, Illinois	21	
The First National Bank of Marseilles, Marseilles, Illinois	<u>60</u>	225

District No. 8.

The Carrollton National Bank, Carrollton, Kentucky	60	60
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District No. 9.

The National Citizens Bank of Canby, Canby, Minnesota	9	9
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District No. 10.

The First National Bank of Lucas, Lucas, Kansas	21	
The Central Nebraska National Bank of David City, David City, Nebraska	60	
The Southern National Bank of Wynnewood, Wynnewood, Oklahoma	<u>45</u>	126



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Applications for SURRENDER of Stock: (Continued)  
District No. 12.

	<u>Shares</u>	
The First National Bank of Orange, Orange, California	30	
The American National Bank of Klamath Falls, Klamath Falls, Oregon	60	90
	Total	933

Approved.

Thereupon the meeting adjourned.

Chester Howell  
Secretary.

Approved:

E. R. Macy  
Governor.