

A meeting of the Federal Reserve Board was held in Washington on Friday, May 25, 1934, at 3:30 p. m.

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

Mr. Morrill, Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Martin, Assistant to the Governor  
Mr. Paulger, Chief, Division of Examinations  
Mr. Wyatt, General Counsel  
Mr. Leonard, Federal Reserve Examiner  
Mr. Wingfield, Assistant Counsel

ALSO PRESENT: Mr. Thomas R. Geoghegan, Vice-President, City  
Bank Farmers Trust Company, New York City  
Mr. C. Alexander Capron, ) of Counsel for the City  
Mr. W. W. Lancaster, ) Bank Farmers Trust Company

Governor Black stated that Messrs. Geoghegan, Capron and Lancaster had discussed with him some time ago the question of membership in the Federal Reserve System of the City Bank Farmers Trust Company, and that at that time had raised a question as to whether standard condition of membership numbered 12, prescribed by the Board for all banks admitted to membership in the Federal Reserve System, and standard conditions numbered 17 and 18 prescribed for all banks admitted to membership which are exercising trust powers, should be prescribed in the event the trust company makes application for admission to membership. Governor Black said that he had requested the representatives of the trust company to submit a memorandum on the questions which they desired to have the Board consider, which Mr. Capron did under date of April 26, 1934; that the memorandum was referred to the Board's counsel for consideration; that a memorandum with regard

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thereto had been submitted by Mr. Wingfield, Assistant Counsel, under date of May 8, 1934, to Governor Black and circulated by him among the members of the Board today; that the representatives of the trust company had discussed the matter further with the Board's counsel this morning; and that this meeting had been called to afford them an opportunity to present any additional information which they cared to have the Board consider.

Messrs. Capron and Geoghegan amplified the statements contained in the memorandum submitted with Mr. Capron's letter of April 26, 1934, to Governor Black, as to why the conditions referred to should not be prescribed in the event the trust company applies for membership in the Federal Reserve System. There was a full discussion of the practices of the trust company of investing trust funds in mortgage participation certificates, and in mingling trust funds for the purpose of investment in other types of securities. There was also a discussion, in connection with condition of membership 18, of the effect of the New York State statute which grants a preference to obligations due from a trustee in his fiduciary capacity.

During the discussion, Mr. Capron submitted to the Board for consideration statements containing the substance of conditions of membership which might be imposed by the Board as substitutes for the standard conditions of membership numbered 12 and 17, and a statement of the reasons why condition numbered 18 should not be imposed in the event the trust company is admitted to membership.

In connection with the consideration of the practice of the trust company of mingling trust funds being administered under uniform trusts, Governor Black requested that a copy of the uniform trust agreement and

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the accompanying declaration of trust be forwarded to the Board promptly for consideration, and Mr. Capron stated that this request would be complied with.

In connection with condition numbered 18 which requires that trust funds deposited in the banking department be secured by the deposit of securities in the trust department, Mr. Capron said the trust company would have no objection to that condition if it were made effective as to all competing member trust companies in New York so that the City Bank Farmers Trust Company would not be placed at a competitive disadvantage.

Mr. Hamlin inquired as to what benefits the trust company expects to obtain from membership, whether it received commercial deposits and what kinds of loans it made with the funds derived from such deposits. Mr. Capron replied that the bank does chiefly a trust business, having deposits of approximately \$35,000,000, most of which are maintained by persons for whom the bank acts as trustee, and only approximately \$20,000,000 worth of loans and discounts, practically all of which are collateral loans. He stated that the deposits other than those of persons having fiduciary relations with the bank amount to about \$7,000,000. He also stated that the principal reason why the trust company is considering membership at this time is that it is an affiliate of the National City Bank of New York, its stock being trusted for the benefit of the shareholders of the national bank, and that unless the trust company is admitted to membership on or before June 16, 1934 this arrangement will have to be discontinued in conformity with the requirements of section 5139 of the Revised Statutes as amended by the Banking Act of 1933, which provides that after that date the ownership, sale, or transfer of any certificate

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representing the stock of a national bank shall not be conditioned in any manner whatsoever upon the ownership, sale, or transfer of a certificate representing the stock of any other corporation, except a member bank.

During the discussion of condition numbered 12, Mr. Szymczak left the meeting, and toward the conclusion of the discussion Governor Black was called from the meeting, which continued as a meeting of the Executive Committee of the Federal Reserve Board.

Before Governor Black left the room and again at the conclusion of the discussion, Mr. Capron stated that, if the Board is not inclined to consider favorably the request of the trust company that the three standard conditions of membership referred to be not prescribed in the event it makes application for membership, Mr. James H. Perkins, President of the trust company, would appreciate very much an opportunity of discussing the matter with the Board. The representatives of the trust company were advised that the Board will consider the matter further tomorrow and if it feels it is desirable to grant Mr. Perkins a hearing before a final decision is reached, the Board will communicate with him by telephone so that he can arrange to meet with the Board on Monday, May 28.

Thereupon Messrs. Capron, Geoghegan and Lancaster left the meeting, following which the Committee considered and acted upon the following matters:

Letter dated May 24, 1934, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegrams dated May 24, 1934, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, and



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May 25, 1934, from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, all advising that, at meetings of the boards of directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated May 22, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the appointment of Miss Alice M. Demerjian as a stenographer in the division, with salary at the rate of \$2,000 per annum, effective June 18, 1934, subject to her passing a satisfactory physical examination.

Approved.

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

"Re your letter May 19th I. F. Betts. His temporary assignment from June 1st to November 1st 1934 to Division of Examinations Federal Reserve Board Washington at compensation \$450.00 per month plus cost of transportation and necessary traveling expenses from Dallas to Washington will be satisfactory. Board understands he will be continued on your rolls and will be under leave of absence while serving in Washington and all compensation will be paid direct by Federal Reserve Bank of Dallas and Board will reimburse Federal Reserve Bank each month for the amount paid upon receipt of statement of amount. Other matters relating to further employment can be discussed with you and Betts at a later date."

Approved.

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

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"The Federal Reserve Board has received Mr. Fletcher's letter of May 19, 1934, and, in accordance with the recommendation contained therein, approves the appointment of Robert D. Rowland as assistant examiner in the Federal Reserve Agent's department of your bank at salary rate of \$1,200 per annum. Please advise effective date."

Approved.

Memorandum dated May 22, 1934, from the Committee on Salaries and Expenditures, transmitting a letter dated May 17 from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, which requested approval of changes in the personnel classification plan of the bank to provide for the new positions of "clerk" and "typist" in the fiscal agency department and the new position of "senior R. F. C. clerk" in the Reconstruction Finance Corporation department. The memorandum stated that the committee has reviewed the proposed changes, and recommends that they be approved.

Approved.

Letter to the board of directors of "The Union Trust Company of Boston", Boston, Massachusetts, stating that, subject to the conditions prescribed in the letter and to the issuance by the Board of a voting permit to the "Consolidated Investment Trust", Boston, Massachusetts, the Board approves the trust company's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Boston.

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

"The Board has considered the application of 'Consolidated Investment Trust', Boston, Massachusetts, for a permit under Section 5144 of the Revised Statutes as amended, entitling it

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"to vote the stock which it owns or controls of The Union Trust Company of Boston, Boston, Massachusetts, and has authorized the issuance of such a permit to the applicant, if and when The Union Trust Company of Boston is admitted to membership in the Federal Reserve System, upon the following conditions:

(1) Prior to the issuance of the permit and not later than July 1, 1934, Consolidated Investment Trust shall deliver to you in duplicate an agreement in the form inclosed herewith marked 'Exhibit A', duly executed by it, and two certified copies of a resolution of its board of trustees specifically authorizing the execution of such agreement.

(2) The agreement and resolution referred to in (1) above shall be in form satisfactory to Counsel to the Federal Reserve Board.

"Upon receipt of one executed counterpart of the agreement and one certified copy of the resolution of authorization, each in form satisfactory to its Counsel, the Board will forward to you a permit to be delivered to the applicant at the time of the admission to membership of The Union Trust Company of Boston.

"For your convenience in notifying the applicant, a copy of this letter is inclosed."

Letter 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 May 14, 1934, reporting that the Security Trust & Savings Bank of San Diego has withdrawn its application for membership in the Federal Reserve System, and requesting advice as to whether, in the circumstances, the cost of the examination made in connection with the bank's application should be assessed against the bank.

"In the letter of July 26, 1930, X-6665, the Board stated that examinations of State banks incident to their admission to membership in the System may be made without charge. The Board is also of the opinion that, in cases where a bank does not complete its membership, the costs of the examination made in connection with the application may be waived if, in the opinion of the Federal Reserve Agent, such action is warranted in view of the circumstances involved."

Approved.

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



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"Reference is made to Mr. Young's letter of May 14, 1934, outlining the proposed readjustment of the capital structure of the State Bank and Trust Company, Evanston, Illinois, based on the report of examination as of November 21, 1933, in which your examiners cooperated with the State Auditor.

"Mr. Young states that it is the opinion of your office that you will be reasonably safe in recommending the State Bank and Trust Company as a Class 'A' stockholder in the Federal Deposit Insurance Corporation following the corrections outlined in his letter of May 14. Mr. Young states also that it is believed that no useful purpose would be served by making a new examination of the bank for the purpose of certification, and requests advice as to whether it would be agreeable to the Board if the certification is based upon the report of joint examination as of November 21, 1933.

"In view of Mr. Young's recommendation, the Board is willing to accept the report of examination as of November 21, 1933 as the basis for the required certification to be made prior to July 1, 1934. In this connection it will be appreciated if you will forward a copy of the report.

"According to Mr. Prugh's letter of February 21, 1934, to Mr. Gallagher, Manager of the Chicago Agency of the Reconstruction Finance Corporation, the directors of the bank, the State Auditor, and your office concur in the opinion that the report reflects a condition which justifies a change in management and it will be appreciated if you will advise the Board what progress has been made in this connection.

"It has been observed, also, that the bank has been engaged in the business of selling real estate securities to its customers and that there are now outstanding approximately \$11,000,000 of such securities. Inasmuch as the Board's files do not contain any information indicating that the bank was engaged in such business at the time it was admitted to membership, its present activities in this connection would appear to be a change in its functions contrary to the spirit and purpose of the general condition under which it was admitted to membership, if not an actual violation thereof. As you know, the Board feels that it is contrary to sound banking practice for a commercial bank to engage in the business of issuing or selling, either with or without recourse, notes, bonds, mortgages, certificates, or other evidences of indebtedness representing real estate loans or participations therein. If you have not already done so, the Board would be pleased to have you acquaint the bank with its views in this respect, calling specific attention to condition numbered 12 of the revised regular conditions under which State banks are now admitted to membership in the System. The Board would also be glad to receive an expression of your views as to any action which should appropriately be taken at this time either by the Board or by your office in connection with



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"this particular activity of the institution."

Approved.

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

"In accordance with Acting Comptroller of the Currency Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Wellston', Wellston, Ohio, 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/or others, and that the released capital shall be used to eliminate a corresponding amount of substandard assets, all as set forth in Mr. Awalt's memorandum of May 17, 1934.

"In considering the plan under which the proposed reduction in capital is to be effected, it has been noted that the officers and directors of the bank were subject to severe criticism by your examiner, and that Assistant Federal Reserve Agent Fletcher's recommendation for approval of the capital reduction includes a proviso that the management be strengthened. It is understood that this feature of the case is receiving the attention of your office."

Approved.

Letter 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 First National Bank of Batesville', Batesville, Indiana from \$60,000 to \$30,000, pursuant to a plan which provides that the bank's capital shall be increased by \$30,000 of preferred stock to be sold to the Reconstruction Finance Corporation, and that the released capital shall be used to eliminate approximately \$23,600 of unsatisfactory assets, and to increase the bank's surplus in the amount of approximately \$6,400, all as set forth in Mr. Awalt's memorandum of May 16, 1934."

Approved.

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

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"In accordance with Acting Comptroller of the Currency Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Alger County at Munising', Munising, Michigan, 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 shall be used to eliminate a corresponding amount of unsatisfactory assets, all as set forth in Mr. Awalt's memorandum of May 17, 1934."

Approved.

Letter 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 National Bank of Commerce of Tulsa', Tulsa, Oklahoma, from \$200,000 to \$100,000, pursuant to a plan which provides that the bank's capital shall be increased by \$250,000 of preferred stock and that the released capital, together with \$75,000 of the surplus account, shall be used to eliminate unsatisfactory assets in the amount of approximately \$175,000, all as set forth in Acting Comptroller Awalt's memorandum of May 16, 1934.

"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 approximately \$80,300 of estimated losses and depreciation in securities which, if considered as a loss, would impair the bank's capital to the extent of \$53,300. There will also remain an excessive amount of slow and doubtful assets and a heavy investment in bank premises. It is assumed, however, that you have these conditions in mind and that whenever it is 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:

"In accordance with the recommendation of Acting Comptroller Awalt, the Federal Reserve Board approves a reduction in the

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"common capital stock of 'The Strawn National Bank', Strawn, Texas, from \$50,000 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 shall be used to eliminate a corresponding amount of undesirable assets, all as set forth in Acting Comptroller Awalt's letter of May 17, 1934."

Approved.

Letter 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 Whittier National Trust and Savings Bank', Whittier, California, from \$300,000 to \$150,000, pursuant to a plan which provides that the bank's capital shall be increased by \$150,000 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 May 17, 1934."

Approved.

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

"Reference is made to your letter of April 4, 1934, in regard to the proposed reduction in common capital stock of 'The Columbia National Bank of Dayton', Dayton, Washington, from \$100,000 to \$75,000, which was approved by the Board on January 22, 1934.

"You advise that the Reconstruction Finance Corporation has reconsidered the bank's application for the purchase of preferred stock and has increased its commitment from \$25,000 to \$50,000, and that a reduction in common capital of \$50,000 is now desired instead of \$25,000 as previously approved.

"In accordance with your recommendation, the Board amends its previous approval to provide for a reduction in the common capital stock of the subject bank from \$100,000 to \$50,000 and for the sale of \$50,000 of preferred stock to the Reconstruction Finance Corporation, with the understanding that the entire amount of the released capital is to be used in eliminating or reducing undesirable assets which are to remain the

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"property of the bank."

Approved.

Memorandum dated May 24, 1934, from Mr. Smead, Chief of the Division of Bank Operations, stating that Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, had called him on the telephone and advised that some of the member banks in the First Federal Reserve District were making very careful appraisals of their assets for the purpose of preparing the special report on form 231 recently asked for by the Board and feel that it will take them until June 10, 1934, to satisfactorily complete their reports; that where the directors of State member banks are attempting to make careful appraisals of their assets, and in good faith ask for a reasonable additional period in which to submit their reports, it is felt their requests should be complied with; and that therefore it is recommended that the Board authorize Mr. Smead to advise Mr. Curtiss that the Board authorizes him to grant the State member banks in question ten days additional time within which to submit their reports. The memorandum also recommended that, in case other requests are received for an extension of time in which to submit these reports, Mr. Smead be authorized to grant such requests, provided that without the specific approval of the Federal Reserve Board no bank shall be granted more than fifteen days additional time, or beyond June 15, 1934, within which to submit its report.

Approved.

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



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"Reference is made to Mr. Gettemy's letters of May 2 and 11, 1934.

"The application dated March 7, 1934, of The First National Bank of Bar Harbor, Maine, for 120 additional shares of stock of the Federal Reserve Bank of Boston, based upon an increase in capital from \$100,000 to \$300,000 through the sale of preferred stock to the Reconstruction Finance Corporation, was held in abeyance at the Board's offices pending a reduction in the bank's common stock in accordance with the plan approved by the Board on November 27, 1933, of which you were advised on that date. This was done in order that the necessary change in the bank's holdings of Federal Reserve bank stock could be made on the basis of the completed adjustment of its capital, and, as the reduction has now been effected, the application referred to above is being filed without action, and it is suggested that a new application be submitted on the basis of the bank's present capital and surplus.

"It is also suggested that, when you are aware than an application for an adjustment in Federal Reserve bank stock holdings is contemplated incident to the consummation of only a part of a plan which provides both for an increase and a decrease in the capital structure, it would be proper to suggest to the member bank that the application be withheld until such time as the entire recapitalization plan has been completed, unless there is an unusual delay in the completion of the plan, in which event the application should be executed and forwarded to the Board with your recommendation and a statement of the pending changes in the bank's capital structure."

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"There is no objection to your furnishing Mr. Broderick, for his own information only, copies of the Board's letters X-7587, September 13, 1933, and X-7786, February 9, 1934."

Approved.

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

"In checking over the affiliates' reports submitted by the Liberty Bank & Trust Company, Louisville, Kentucky, in response to the Board's call of March 5, 1934, we note that in column 5 of Schedule O the member bank reports loans and

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"advances to one of its affiliates, the Liberty Fire Insurance Company, in the amount of \$2,385.30. On the copy of Form 220 as submitted for this affiliate however it is reported that the affiliate has no money borrowed from the member bank. An explanation of this difference will be appreciated.

"In examining the affiliates' reports submitted by the Kentucky Title Trust Company, Louisville, Kentucky, we note that in all of the reports as published the holding company affiliate involved is referred to but is not mentioned by name. This is evidently an oversight and the Board will not require republication of the reports in corrected form, but the matter should be brought to the attention of the member bank in order that reports published in response to future calls may give all the information required for the purpose of the report."

Approved.

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

"Receipt is acknowledged of your letter of May 16, 1934, regarding charges for examinations of State member banks.

"Since July 26, 1930, the date of the Board's letter X-6665 on the subject, the situation with regard to examinations of State member banks has changed to some extent. In view of the circumstances and your recommendation, therefore, the Federal Reserve Board will interpose no objection, pending the submission of the report of the Committee of Federal Reserve Agents recently appointed to consider the matter of uniform charges, to the waiving of the costs of such examinations in cases where you consider it advisable to do so."

Approved.

Letter to the Federal reserve agents at all Federal reserve banks, reading as follows:

"The Board recently considered applications of a member bank under section 32 of the Banking Act of 1933 for permission to act as correspondent bank for certain dealers in securities, in order that the member bank might participate in a syndicate which was being formed to bid for an issue of bonds of a State.

"After full consideration of the questions of policy involved, the Board decided to issue permits authorizing the

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"member bank to act as correspondent bank for the dealers in question, in connection with dealing in and/or underwriting the following types of securities: obligations of the United States, general obligations of any State or of any political subdivision thereof, obligations issued under the authority of the Federal Farm Loan Act, obligations issued by the Federal Home Loan Banks, and/or obligations issued by the Home Owners Loan Corporation. These are the securities specifically excepted in section 5136 of the Revised Statutes from the restrictions upon dealing in or underwriting securities."

Approved.

Letter to Mr. Louis M. Atherton, Boston, Massachusetts, reading as follows:

"The Federal Reserve Board has given consideration to your application under Section 32 of the Banking Act of 1933 for a permit to serve at the same time as a director of The Central National Bank of Lynn, Lynn, Massachusetts, and as officer and partner of Schirmer, Atherton & Company, of Boston, Massachusetts.

"It appears from the information contained in your application that Schirmer, Atherton & Company conducts a brokerage business involving the purchase and sale of securities on behalf of others in the open market. The Board has concluded that the provisions of Section 32 are inapplicable to such a business, and for that reason no permit is required under Section 32 covering your service to the two institutions named in your application.

"However, your attention is called to the fact that Section 8A of the Clayton Act makes it unlawful for any director, officer, or employee of any bank, banking association, or trust company, organized or operating under the laws of the United States to serve at the same time as a director, officer, or employee of any corporation (other than a mutual savings bank) or as a member of a partnership which makes loans secured by stock or bond collateral, other than to its own subsidiaries. The Board has decided that the carrying of margin accounts involves the making of such loans within the meaning of that section.

"It appears that the carrying of margin accounts constitutes a substantial portion of the business of Schirmer, Atherton & Company, and consequently that your service to the above named institutions is forbidden by Section 8A.

"The Federal Reserve Board is authorized by Section 8 of the Clayton Act to grant permits in certain circumstances covering relationships to which the provisions of that Act are applicable.



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"It appears, however, that, in enacting Section 8A, the Congress intended to terminate interlocking relationships between national banks and organizations which carry margin accounts.

"Accordingly, the Board believes that it should not grant permits under the Clayton Act covering relationships such as that described in the first paragraph of this letter."

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, referring to the application of Mr. James C. Colgate under section 32 of the Banking Act of 1933 for a permit to serve at the same time as a trustee of The New York Trust Company and as a member of Jas. B. Colgate & Co., both of New York, New York, and stating that, in view of the principles stated in the Board's letter of April 13, 1934 (X-7860), it would seem that the firm of Jas. B. Colgate & Co. should not be regarded as engaged primarily in the business of purchasing, selling, or negotiating securities within the meaning of section 32; that, therefore, a permit covering the relationship described in the application is not necessary; and that, accordingly, unless there are other facts which the agent believes should be called to the attention of the Board, it is suggested that he so advise the applicant.

Approved.

Letter to Mr. William Travers Jerome, Jr., New York, New York, reading as follows:

"The Federal Reserve Board has given consideration to your application under Section 32 of the Banking Act of 1933 for a permit to serve at the same time as a director of the Dunbar National Bank of New York and as a partner of Jas. B. Colgate & Co., both of New York, New York.

"The information submitted in connection with your application indicates that the firm of Jas. B. Colgate & Company is a brokerage firm and that it is not engaged primarily in the business of purchasing, selling, or



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"negotiating securities' within the scope of that section.

"However, it appears from your application, that the firm customarily carries margin accounts for its customers. In this connection, your attention is called to the fact that Section 8A of the Clayton Act (Sec. 33 of the Banking Act of 1933) makes it unlawful for a director of a national bank to serve at the same time as a member of a partnership which makes loans secured by stock or bond collateral.

"The Board believes that the usual type of margin account involves the making of loans 'secured by stock or bond collateral' within the meaning of that section. Since the carrying of margin accounts appears to constitute a substantial portion of the business of Jas. B. Colgate & Co., your services to that firm and to the Dunbar National Bank of New York constitute relationships which are prohibited by that section.

"Although the Board is authorized by Section 8 of the Clayton Act to issue permits under certain circumstances covering services to not more than three banking institutions of the kinds referred to in Sections 8 and 8A, it has no authority to issue permits covering relationships between national banks and organizations which are not banking institutions of those kinds. Since it appears that Jas. B. Colgate & Co. is not such a banking institution and that the relationships are prohibited by the provisions of the Clayton Act, it would serve no useful purpose for the Board to act on your application under Section 32.

"The Board wishes it understood that its action is not to be regarded as reflecting in any degree upon your desirability as a director of the bank except in the respect that the relationships come within the statutory prohibitions referred to above. Also, the Board is not unmindful of the fact that the Dunbar National Bank of New York values your services as a director. However, it believes that Section 8A is properly susceptible of no other construction than that which has been given it and that the Board has no power to permit the relationships to continue.

"Of course, in the event that you desire to submit other facts or arguments which you believe will show that the Clayton Act does not apply to you, the Board is prepared to give them careful consideration."

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

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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. Bartlett Harwood, for permission to serve at the same time as a director of the Newton Trust Company, Newton, Massachusetts, and as a director of Lee Higginson Corporation, Boston, Massachusetts.

Mr. Charles Carroll Morgan, for permission to serve at the same time as a director of The Washington Loan and Trust Company, Washington, D. C., and as co-manager of the Washington office of G. M.-P. Murphy & Company, New York, New York.

Mr. Nion R. Tucker, for permission to serve at the same time as a director of the American Trust Company and as vice-president and director of Elworthy & Company, both of San Francisco, California.

Approved.

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

Mr. William P. Chapin, Jr., for permission to serve at the same time as a director and officer of The National Bank of Commerce and Trust Company of Providence, Providence, Rhode Island, and as a director of The Morris Plan Company of Rhode Island, Providence, Rhode Island.

Mr. Paul C. DeWolf, for permission to serve at the same time as a director of The Providence National Bank, Providence, Rhode Island, and as a director of The Morris Plan Company of Rhode Island, Providence, Rhode Island.

Mr. Charles C. Marshall, for permission to serve at the same time as a director of The Providence National Bank, Providence, Rhode Island, and as a director of The Morris Plan Company of Rhode Island, Providence, Rhode Island.

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Mr. Herbert W. Rice, for permission to serve at the same time as a director of the Rhode Island Hospital National Bank of Providence, Providence, Rhode Island, and as a director and officer of The Morris Plan Company of Rhode Island, Providence, Rhode Island.

Mr. Henry L. Wilcox, for permission to serve at the same time as a director and officer of The National Bank of Commerce and Trust Company of Providence, Providence, Rhode Island, and as a director of The Morris Plan Company of Rhode Island, Providence, Rhode Island.

Mr. Russell H. Britton, for permission to serve at the same time as a director and officer of the Rochester Trust Company, Rochester, New Hampshire, and as a director and officer of The New Public National Bank of Rochester, Rochester, New Hampshire.

Mr. Geo. A. Brockway, for permission to serve at the same time as a director and officer of the Second National Bank and Trust Company of Cortland, Cortland, New York, and as a director and officer of The Homer National Bank, Homer, New York.

Mr. William J. Couse, for permission to serve at the same time as a director and officer of the Asbury Park National Bank and Trust Company, Asbury Park, New Jersey, and as a director of the Manasquan National Bank, Manasquan, New Jersey.

Mr. Charles H. Knight, for permission to serve at the same time as a director of The First National Bank of Washington, Washington, New Jersey, and as a director and officer of The First National Bank of Belvidere, Belvidere, New Jersey.

Mr. G. R. Griffin, for permission to serve at the same time as an officer of The Exchange National Bank of Tampa, Tampa, Florida, and as a director of the Hernando State Bank, Brooksville, Florida.

Mr. J. A. Griffin, for permission to serve at the same time as a director and officer of The Exchange National Bank of Tampa, Tampa, Florida, as a director and officer of the Columbia Bank of Ybor City, Tampa, Florida, and as a director and officer of the Exchange National Bank of Winter Haven, Winter Haven, Florida.

Mr. John O. Perry, for permission to serve at the same time as a director and officer of The Exchange National Bank of Tampa, Tampa, Florida, as a director and officer of the Exchange National Bank of Winter Haven, Winter Haven, Florida, and as a director and officer of the Hernando State Bank, Brooksville, Florida.

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Mr. C. T. Young, for permission to serve at the same time as a director and officer of the Hillsboro State Bank, Plant City, Florida, and as a director of The Exchange National Bank of Tampa, Tampa, Florida.

Mr. John Stagmaier, for permission to serve at the same time as a director and officer of The Hamilton National Bank of Chattanooga, Chattanooga, Tennessee, and as a director and officer of the Morris Plan Bank, Chattanooga, Tennessee.

Mr. John H. Riddell, for permission to serve at the same time as a director and officer of The Riddell National Bank of Brazil, Brazil, Indiana, and as a director of The First National Bank of Center Point, Center Point, Indiana.

Mr. Wm. S. McGee, for permission to serve at the same time as a director and officer of The Northwestern National Bank of Litchfield, Litchfield, Minnesota, and as a director of the Union State Bank, Sauk Rapids, Minnesota.

Mr. F. E. Carroll, for permission to serve at the same time as a director and officer of The Leavenworth National Bank, Leavenworth, Kansas, as a director of The Army National Bank of Fort Leavenworth, Fort Leavenworth, Kansas, and as a director of the Leavenworth Savings & Trust Company, Leavenworth, Kansas.

Mr. Harvey B. Goodjohn, for permission to serve at the same time as a director of The Leavenworth National Bank, Leavenworth, Kansas, and as a director of The Army National Bank of Fort Leavenworth, Fort Leavenworth, Kansas.

Mr. W. T. Hewitt, for permission to serve at the same time as a director of The Leavenworth National Bank, Leavenworth, Kansas, and as a director of The Army National Bank of Fort Leavenworth, Fort Leavenworth, Kansas.

Mr. E. D. Lysle, for permission to serve at the same time as a director of The Leavenworth National Bank, Leavenworth, Kansas, and as a director and officer of the Leavenworth Savings & Trust Company, Leavenworth, Kansas.

Mr. S. C. Parker, for permission to serve at the same time as a director of The Leavenworth National Bank, Leavenworth, Kansas, and as a director and officer of The Army National Bank of Fort Leavenworth, Fort Leavenworth, Kansas.

Mr. H. R. Willson, for permission to serve at the same time as a director and officer of The Leavenworth National Bank,



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Leavenworth, Kansas, as a director and officer of The Army National Bank of Fort Leavenworth, Fort Leavenworth, Kansas, and as a director and officer of the Leavenworth Savings & Trust Company, Leavenworth, Kansas.

Mr. Samuel H. Wilson, for permission to serve at the same time as a director of The Leavenworth National Bank, Leavenworth, Kansas, as a director of The Army National Bank of Fort Leavenworth, Fort Leavenworth, Kansas, and as a director of the Leavenworth Savings & Trust Company, Leavenworth, Kansas.

Mr. T. R. Tinkler, for permission to serve at the same time as a director and officer of The Gypsum Valley National Bank of Gypsum, Gypsum, Kansas, and as a director and officer of The Roxbury State Bank, Roxbury, Kansas.

Approved.

Thereupon the meeting adjourned.

C. Lester Howell  
Secretary.

Approved:

E. R. Blalock  
Governor.