

A meeting of the Federal Reserve Board was held in Washington on Thursday, June 14, 1934, at 10:40 a. m.

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

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

Governor Black referred to the discussions at recent meetings of the Federal Reserve Board with regard to the City Bank Farmers Trust Company, New York, New York, and he stated that an application for membership in the Federal Reserve System has been received from the company, which had been reviewed by the Division of Examinations and a memorandum prepared thereon by the division under date of June 12, 1934, copies of which had been submitted to all members of the Board prior to this meeting. He also called attention to, and there was read, a memorandum dated June 13 from Mr. Wingfield, Assistant Counsel, in connection with the application.

After a discussion of the questions presented in Mr. Wingfield's memorandum, Mr. Thomas moved that the application of the City Bank Farmers Trust Company for membership in the Federal Reserve System, and for the appropriate amount of stock in the Federal Reserve Bank of New York, be approved, subject to the conditions recommended by the Division of Examinations and the Legal Division.

Carried, Mr. James voting "no".

The minutes of the meetings of the Federal Reserve Board held on

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May 29, and 31, and June 1, 1934, were approved.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on June 4, and 6, 1934, were approved and the actions recorded therein were ratified unanimously.

The Board then considered and acted upon the following matters:

Telegram dated June 13, 1934, from Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, advising that, at a meeting of the board of directors on that date, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Renewal bond, in the amount of \$100,000, executed on June 1, 1934, by Mr. J. S. Wood as Federal Reserve Agent at the Federal Reserve Bank of St. Louis.

Approved.

Telegram dated June 13, 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:

"Answering your letter June 8, 1934 relating to temporary assignment someone from your bank to assist in Boards Division of Examinations, Board appreciates your spirit of cooperation in matter and will be glad to have you send John H. Hartley to Washington at earliest available date with understanding, as outlined in my letter of June seventh, that Board will reimburse bank for his necessary traveling expenses, salary and six dollars per diem while in Washington. Kindly advise when he will report."

Approved.

Telegram dated June 13, 1934, approved by five members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

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"Answering your letter June 9, 1934 relating to temporary assignment someone from your bank to assist in Boards Division of Examinations, Board appreciates your spirit of cooperation in matter and will be glad to have you send Otis R. Preston to Washington at earliest available date with understanding, as outlined in my letter of June seventh, that Board will reimburse bank for his necessary traveling expenses, salary and six dollars per diem while in Washington. Kindly advise when he will report."

Approved.

Telegram dated June 13, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"Answering your letter June 9, 1934 relating to temporary assignment someone from your bank to assist in Boards Division of Examinations, Board appreciates your spirit of cooperation in matter and will be glad to have you send V. K. Bowman to Washington at earliest available date with understanding, as outlined in my letter of June seventh, that Board will reimburse bank for his necessary traveling expenses, salary and six dollars per diem while in Washington. Kindly advise when he will report."

Approved.

Letter to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, with regard to the steps which should be taken to correct the matters commented on in the report of examination of the Dallas Bank & Trust Company, Dallas, Texas, as of January 12, 1934.

Approved.

Telegram dated June 13, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Re Sargent's telegram June 8 re State Security Bank, Brigham, Utah Board's wire June 7 did not contemplate requirement for immediate elimination of capital impairment in the case of banks which have sold capital notes or debentures to the Reconstruction Finance Corporation and which have an adequate amount of net sound capital in relation to

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"liabilities. As a matter of sound banking, however, Board feels that the management of such banks should arrange as soon as practicable to eliminate the impairment of capital stock in the manner considered most advisable by the bank and the supervisory authorities in the light of all of the circumstances."

Approved.

Letter dated June 13, 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 of May 18, 1934, and to the previous correspondence, in regard to the application of The Tradesmen's National Bank of New Haven, New Haven, Connecticut, for permission to exercise fiduciary powers.

"In view of your statement that you do not feel justified in recommending the approval of the application at this time, in which the office of the Comptroller of the Currency concurs, the Board will take no further action in the premises.

"The Board will be pleased to consider a new application from the subject bank whenever its condition is such that you would feel warranted in submitting it with a favorable recommendation."

Approved.

Letter dated June 13, 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 June 6, 1934, with reference to the proposed reduction in common capital stock of 'The Waynesville National Bank', Waynesville, Ohio, from \$100,000 to \$62,500, and the sale of \$37,500 of preferred stock to the Reconstruction Finance Corporation, which was approved by the Board on March 26, 1934.

"You advise that the Reconstruction Finance Corporation has agreed to purchase but \$25,000 of preferred stock, and recommend that the bank be permitted to effect a reduction and increase in capital of \$25,000 each, instead of the larger amount originally contemplated.

"In accordance with your recommendation, the Board amends its previous approval to provide for a reduction in common capital of \$25,000, and the sale of \$25,000 of preferred stock to the Reconstruction Finance Corporation and/or others, with the understanding that the other provisions of the proposed plan remain unchanged.

"In view of the obviously over-capitalized condition of this institution, and the aggregate of criticized assets as classified by

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"your examiner, the Board would be inclined to regard favorably a larger reduction in the common capital stock for the purpose of eliminating undesirable assets than is now contemplated, without requiring a corresponding increase in the amount of preferred stock to be issued, in the event that you determine such a procedure to be desirable and practicable."

Approved.

Letter dated June 13, 1934, approved by five members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Lemont', Lemont, Illinois, 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, together with such portion of the bank's surplus and undivided profits as your office may require, shall be used to eliminate a corresponding amount of unsatisfactory assets, all as set forth in your memorandum of June 5, 1934."

Approved.

Letter dated June 13, 1934, approved by five members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Stevens Point', Stevens Point, Wisconsin, from \$200,000 to \$80,000, pursuant to a plan which provides that the bank's capital shall be increased by \$120,000 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 capital, together with a portion of the bank's surplus and undivided profits accounts, and \$20,000 to be made available by increasing the carrying value of the banking house, shall be used to eliminate unsatisfactory assets in the amount of approximately \$161,000, all as set forth in your memorandum of June 2, 1934.

"In considering the plan under which the proposed reduction in common capital is to be effected, it has been noted that the active management of the applicant bank was severely criticized by your examiner, and that the Federal Reserve Agent at Chicago, in his telegram recommending approval of the capital reduction, stated that the 'Management problem should be made satisfactory.' It is understood that this feature of the case is receiving the attention of your office."

Approved.

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Letter dated June 12, 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 Carmi', Carmi, Illinois, 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 your memorandum of June 7, 1934."

Approved.

Letter dated June 13, 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 June 2, 1934, in regard to the proposed reduction in capital of 'The First National Bank of Waseca', Waseca, Minnesota, which was approved by the Board on January 10, 1934.

"You advise that due to an improvement in the bank's condition as shown by the last report of examination it is not considered necessary that the local contribution of \$25,000 be made as originally contemplated. It is noted that the plan now proposed will permit the elimination of all estimated losses and securities depreciation and approximately \$8,900 of doubtful assets as classified in the latest report of examination.

"In accordance with your recommendation, the Board amends its previous approval by eliminating the requirement for a local contribution, with the understanding that the other provisions of the original plan remain unchanged."

Approved.

Letter dated June 13, 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 Farmers and Merchants National Bank of Eureka', Eureka, Nevada, from \$40,000 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, that directors and/or other shareholders will purchase at face value and for cash, loans classified as doubtful and worthless to the extent of \$30,000 and that the released

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"capital shall be used to eliminate unsatisfactory assets, all as set forth in your letter of May 31, 1934."

Approved.

Telegram dated June 13, 1934, approved by five members of the Board, to Governors Schaller, Martin, Geery, and McKinney of the Federal Reserve Banks of Chicago, St. Louis, Minneapolis, and Dallas, respectively, reading as follows:

"Referring to Board's June 5 wire and replies thereto regarding accounting conference, Governor Fancher, Chairman of the Governors' Conference Committee on fiscal agency operations and reimbursements therefor has been consulted on subject and both Board and Governor Fancher feel that while a conference of representatives of all Federal Reserve banks is not necessary at this time, it is important that a committee be designated to review reports (B-941) covering fiscal agency, depository, and custodianship work and to submit definite recommendations covering changes in expense reports necessary to provide for accurate and complete cost figures relating thereto and for uniformity in requests for reimbursement of such expenses. It is suggested that representatives designated by Governors Fancher, Martin and McKinney, who constitute the committee of the Governors' Conference on this subject, and of Governors Schaller and Geery, and representatives from the Board meet in Chicago on Wednesday, June 27, for purpose of considering this subject. Meeting would also consider failed bank accounting questions as suggested by Governor Geery and any other accounting problems which banks might like to place on program. Photostatic copies of statements submitted in response to Board's letter B-941 would be furnished you before committee meeting. Please advise whether you concur and if so whether June 27 will be satisfactory to you. Also advise name of your representative who will attend committee meeting, if held."

Approved.

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

"Referring to Mr. Fletcher's letter of June 4, the Federal Reserve Board approves the application of the liquidating committee of The Central National Bank of Chillicothe, Chillicothe, Ohio, for the cancellation of 156 shares of stock of the Federal Reserve Bank of Cleveland outstanding in the name of the bank.

"With reference to the liquidating committee's request that the refund of the Federal Reserve bank stock be withheld until July 1 in

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"order that dividends for the full six months' period may be earned thereon. The Board feels, as stated in the second paragraph of its letter of August 18, 1921, X-3186, that 'such stock should be surrendered as soon as the accounts between the liquidating bank and the Federal Reserve Bank can be reasonably adjusted'."

Approved.

Draft of a letter to Senator Fletcher, Chairman of the Banking and Currency Committee of the Senate, prepared for the signature of the Secretary of the Treasury in accordance with a request received under date of June 5, 1934, from Mr. William H. McReynolds, Administrative Assistant to the Secretary, (for a report on bill S. 3700, entitled "A Bill To amend section 19 of the Federal Reserve Act, as amended, and for other purposes".) The letter was in substantially the same form as the letter addressed by the Board to Senator Fletcher on the same subject under date of May 29, 1934.

Approved.

Telegram dated June 13, 1934, approved by six members of the Board, to Mr. Henry Y. Offutt, Vice President of the Kentucky Title Trust Company, Louisville, Kentucky, reading as follows:

"Referring Board's letter June 6, 1934, and letter of June 11, 1934, addressed to Board by Ralph C. Gifford, you are advised that after careful reconsideration Board is of opinion that Kentucky Title Trust Company is engaged principally in the issue and sale of securities within meaning of Section 20 of the Banking Act of 1933 and that, in view of affiliation of Kentucky Title Trust Company with First National Bank of Louisville, appropriate action should be taken to comply with requirements of Section 20 of Banking Act of 1933. Board also is of opinion that Kentucky Title Trust Company is engaged primarily in the business of selling or negotiating securities within meaning of Section 32 of the Banking Act of 1933. Your attention is also again called to provisions of Section 21(a) of the Banking Act of 1933 which were referred to in Board's letter of June 6, 1934."

Approved.

Letter dated June 13, 1934, approved by six members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of

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Boston, reading as follows:

"Receipt is acknowledged of your letter of June 5, 1934, regarding the applicability of the provisions of Section 32 of the Banking Act of 1933 to the service of directors and officers of a member bank as directors and officers of the Lawyers Mortgage Investment Corporation of Boston, Boston, Massachusetts. Receipt is also acknowledged of a memorandum from Mr. Carrick, General Counsel of the Federal Reserve Bank of Boston, to Mr. McRae, a letter dated June 2, 1934, from Mr. Bartlett Harwood, of Herrick, Smith, Donald and Farley, to the Federal Reserve Bank of Boston, a letter dated May 18, 1934, from Mr. Harwood to you, a form of Insured First Mortgage Certificate issued by Lawyers Mortgage Investment Corporation of Boston, consolidated reports of that corporation for the years 1931, 1932, and 1933, respectively, Lawyers Mortgage Investment Corporation of Boston Plan of Adjustment dated February 28, 1933, and letters to the holders of Insured First Mortgage Certificates issued by that corporation dated February 28, 1932, and July 26, 1933, respectively, all of which were inclosed in your letter.

"It appears that, pursuant to the plan of adjustment which was declared operative on July 24, 1933, the corporation is not now purchasing, selling, or negotiating its own certificates, has agreed not to take or insure any new mortgages other than extensions and mortgages incidental to the sale or exchange of foreclosed property and that the free assets of the corporation are retained for the benefit of all its obligations without preference or priority. It appears further that the plan is now in effect and by its terms shall continue to be effective until March 1, 1939, although the same may be changed upon the request or consent of a stated percentage of the holders of outstanding certificates.

"In the light of the foregoing, the Board agrees with you and Mr. Carrick that the Lawyers Mortgage Investment Corporation of Boston is not currently 'engaged primarily in the business of purchasing, selling, or negotiating securities' within the scope of Section 32 because the statute has reference only to the business presently transacted by the organization in question. In this connection, reference is made to the footnote to Section II of the Board's Regulation R, series of 1933. Since the corporation is not so engaged, the Board believes it unnecessary at this time to pass on the question whether the Insured First Mortgage Certificates formerly issued by that corporation are 'securities' within the meaning of Section 32. Therefore, unless there are other facts which you believe should be called to the attention of the Board, it is suggested that you notify Mr. Harwood accordingly."

Approved.

Telegram dated June 13, 1934, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank

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of New York, reading as follows:

"Your wire June 12. Without undertaking on basis of information at hand to pass upon necessity under law for obtaining permit with respect to each relationship between the various member banks and dealers named and referred to in your telegram, Board grants to member banks and dealers named as managers in your telegram and also to all member banks and dealers which are invited to become members of group being formed to offer such issue, a permit under Section 32 of Banking Act of 1933 to extent that same may be necessary under law to have correspondent relationships solely in connection with issue of \$132,000,000 Federal Land Bank 4% bonds dated July 1, 1934 and redeemable July 1, 1944. Such permit is effective immediately as to member banks and dealers named in your telegram but other member banks and dealers invited to become members of group must be named in a certified list of such institutions which must be filed with you by the managers or proper representatives thereof before invitation referred to is extended and before permit becomes effective as to any member bank or dealer named in such list. You may advise any member bank or dealer named in your telegram or in such list of Board's action in this matter upon inquiry or as you may deem advisable. This telegram is to be considered a permit issued by the Federal Reserve Board under Section 32 of Banking Act of 1933 for purposes of this case. Please furnish Board promptly with copy of certified list of banks and dealers filed with you."

Approved.

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

"Your wire of this date re application Manufacturers and Traders Trust Company for permit under Section 32 of Banking Act of 1933. Board grants permit under above section to member bank named above to act as correspondent bank for Adams McEntee and Company, Inc., New York, New York, and George D. B. Bonbright & Co., Rochester, New York, solely in connection with an issue of \$190,000 bonds of the City of Binghamton, New York, maturing serially from 1935 to 1939 inclusive referred to in your telegram. Please obtain and forward for Board's files an application by member bank covering relationships referred to together with usual accompanying forms. Formal permit being prepared and will be mailed shortly. Please advise applicant and George R. Waldmann, One Wall Street, New York."

Approved.

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

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"Your wire of this date re application Manufacturers and Traders Trust Company for permit under Section 32 of Banking Act of 1933. Board grants permit under above section to member bank named above to act as correspondent bank for Lehman Brothers and R. W. Pressprich and Company, New York, New York, and Sage Ruddy and Steel, Rochester, New York, solely in connection with an issue of \$1,350,000 notes of the City of Rochester, New York, due three, six and eight months, referred to in your telegram. Please obtain and forward for Board's files an application by member bank covering relationships referred to together with usual accompanying forms. Formal permit being prepared and will be mailed shortly. Please advise applicant and George R. Waldmann, One Wall Street, New York."

Approved.

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

"This refers to your letter of June 6, 1934 with regard to the applications of Messrs. H. C. Rorick, M. H. Rorick, and A. V. Foster under Section 32 of the Banking Act of 1933 for permits to serve as officers and/or directors of The Fayette State Savings Bank, Fayette, Ohio, and as partners of Spitzer, Rorick & Company, Toledo, Ohio.

"The Board understands that the securities business formerly handled by the firm of Spitzer, Rorick & Company has been taken over by a corporation bearing the name of Spitzer-Rorick & Co. Inc., and that Spitzer, Rorick & Company is transacting no new business and is in liquidation. It is also understood that Messrs. H. C. and M. H. Rorick are officers and/or directors of the corporation, and that Mr. A. V. Foster is not connected with the corporation, but is engaged in the liquidation of the old firm.

"In a letter dated April 30, 1934, Mr. M. H. Rorick stated that so far as he was personally concerned practically the same conditions exist in connection with his service to Spitzer, Rorick & Co. Inc. as existed in connection with his service to Spitzer, Rorick & Company, and it is understood by the Board that the same is true in Mr. H. C. Rorick's case. On the basis of the facts stated above, the Board has reached the conclusion that Section 32 prohibits the service of Messrs. H. C. Rorick and M. H. Rorick to The Fayette State Savings Bank and to Spitzer-Rorick & Co. Inc., and that permits should not be issued covering these relationships. It will be appreciated if you will advise these applicants accordingly.

"In view of the fact that Spitzer, Rorick & Company is now in liquidation, the Board is of the opinion that no permit is necessary in connection with Mr. A. V. Foster's service to The Fayette State Savings Bank and to Spitzer, Rorick & Company and it

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"will be appreciated if you will so advise Mr. Foster."

Approved.

Letter dated June 13, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"In connection with the application of Mr. Russell Clark under Section 32 of the Banking Act of 1933 for permission to serve at the same time as a director of the Whitney National Bank and as a partner in the firm of Jno. F. Clark & Co., both of New Orleans, Louisiana, Mr. Robert S. Parker has written, under date of April 5, 1934, asking whether, in the opinion of the Board's Counsel, there is any substantial difference between the situation referred to in the Board's letter of March 27, 1934 (X-7837), and the situation covered by Mr. Clark's application.

"An examination of Mr. Clark's application discloses no substantial difference between the margin accounts carried by Jno. F. Clark & Co. and the margin accounts which were the subject of the Board's letter of March 27, 1934. It therefore appears that Section 8A of the Clayton Act would be applicable to Mr. Clark's service as a partner of that firm and as a director of the national bank and that, consequently, the granting of a permit to Mr. Clark under Section 32 would serve no useful purpose.

"It appears from Mr. Parker's letter that, under these circumstances, you may wish to suggest to Mr. Clark that he withdraw his application under Section 32. Please advise the Board what Mr. Clark decides to do in this connection."

Approved.

Letter dated June 12, 1934, approved by five members of the Board, to the following applicant for a permit under section 32 of the Banking Act of 1933; the 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

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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. J. J. Gray, Jr., for permission to serve at the same time as a director of the American National Bank, Nashville, Tennessee, and as president and director of Gray-Shillinglaw & Co., Nashville, Tennessee.

Approved.

Letter dated June 12, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to the applications of American National Bank, Nashville, Tennessee, and Gray-Shillinglaw & Company, Nashville, Tennessee, under Section 32 of the Banking Act of 1933 for permission to serve as correspondent bank and as correspondent dealer for each other.

"It appears from the application that Gray-Shillinglaw & Company carries its active account with the bank, clears its transactions through the bank, and borrows money from the bank on collateral, but apparently there are no other regular transactions between the two institutions. In answer to Question No. 3 of F.R.B. Form 99b the bank states that it does not join underwriting syndicates, does not sell securities to its customers, and has no bond department. On the basis of the above facts it appears that there is no correspondent relationship between the bank and the securities company. In this connection, reference is made to the definition of 'correspondent bank' and 'correspondent dealer' in Section II of the Board's Regulation R.

"Unless there are other facts which you believe should be called to the attention of the Board it will be appreciated if you will advise the applicants that in the judgment of the Board no permits are necessary covering the relationships described in their applications."

Approved.

Letter dated June 13, 1934, approved by six members of the Board, to Mr. Fred Uhlmann, Chicago, Illinois, 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

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"to serve at the same time as a director of the American National Bank and Trust Company of Chicago, and as partner of Uhlmann & Benjamin, both of Chicago, Illinois.

"It appears from the information contained in your application that the business of Uhlmann & Benjamin is confined to the purchase and sale of securities in the open market as brokers on the order and for the account of others. The Board believes that the provisions of Section 32 are not applicable to such a business, and for that reason no permit is necessary to bring your service to the two institutions named in your application into conformity with the provisions of Section 32.

"However, 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 is of the opinion that the carrying of margin accounts involves the making of such loans within the meaning of this section; and it appears that the carrying of margin accounts constitutes a substantial portion of the business of Uhlmann & Benjamin.

"The Federal Reserve Board is authorized by Section 8 of the Clayton Act to issue permits covering relationships between not more than three banking institutions which are otherwise prohibited by Section 8 or Section 8A, if such relationships are not incompatible with the public interest. However, it is not the Board's practice to issue permits authorizing relationships between national banks and institutions carrying margin accounts because it appears that one of the principal purposes of Section 8A was to terminate such relationships and that the issuance of permits authorizing such relationships would be incompatible with the public interest as declared by the Congress.

"In the circumstances, irrespective of whether or not Uhlmann & Benjamin is a banking institution of a kind referred to in Section 8, it will be necessary for you to discontinue your services with one or the other of the institutions named above in order to conform with the provisions of Section 8A of the Clayton Act. Please advise the Federal Reserve Agent at the Federal Reserve Bank of Chicago of the action which you take in order to comply with the law."

Approved, together with a similar letter dated June 13, 1934, approved by six members of the Board, to Mr. Henning Chambers, Louisville, Kentucky, with regard to 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 Citizens Union National Bank and as a member of the firm of Henning Chambers and Company, both of Louisville, Kentucky.

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Letters dated June 13, 1934, approved by six members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, stating that the Board has given consideration to the following applications for permits under the Clayton Act, and that, upon the basis of the information before it, feels that the issuance of the permits applied for would be incompatible with the public interest. Each 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. W. N. Fitzwater, for permission to serve at the same time as a director of the Citizens National Bank of Elkins, Elkins, West Virginia, and as a director and officer of the Bank of Pickens, Pickens, West Virginia.

Mr. H. B. Martin, for permission to serve at the same time as a director of the Citizens National Bank of Elkins, Elkins, West Virginia, and as a director of the Bank of Adrian, Adrian, West Virginia.

Approved.

Letter to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed Clayton Act permits and copies thereof issued by the Board to Mr. John W. Hay to serve as director and officer of The Rock Springs National Bank, Rock Springs, as director and officer of The American National Bank of Cheyenne, Cheyenne, and as director and officer of First Bank of Superior, Superior; Mr. W. H. Gottsche to serve as director and officer of The Rock Springs National Bank, Rock Springs, and as director and officer of First Bank of Superior, Superior; Mr. Robt. D. Murphy to serve as director and officer of The Rock Springs National Bank, Rock Springs, and as director of First Bank of Superior, Superior; and

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"Mr. John W. Hay, Jr., to serve as director of The Rock Springs National Bank, Rock Springs, and as director of State Bank of Pinedale, Pinedale, all of Wyoming.

"Information obtained from the files of the Comptroller of the Currency indicates that Mr. John W. Hay has committed a number of violations of Section 22(g) of the Federal Reserve Act by overdrawing his account in The Rock Springs National Bank and that the alleged violations were reported to the Attorney General of the United States. It also appears that the account of Mr. W. H. Gottsche was habitually overdrawn, although this possible violation of the Banking Act of 1933 was not reported to the Attorney General on the grounds that Mr. Gottsche was not an executive officer of the bank. In this connection, reference is made to your letter of May 12, 1934, relative to the Clayton Act application of Mr. Cy Ellinger of Washington, Oklahoma, in which you advised that the United States Attorney for the district in which Mr. Ellinger resided had informed you that he had taken up a number of such cases with the Attorney General and authority was granted to close some such cases by calling the attention of the officers of the bank to the new legislation and admonishing them that such irregularities would not be permitted in the future.

"The Board feels that, in connection with applications involving reported violations of law, definite information should be obtained regarding the disposition which was made of such cases before permits under the provisions of the Clayton Act are issued. You are requested therefore, to ascertain the status of the charges against Mr. John W. Hay and against Mr. W. H. Gottsche, if any; and in the event the cases have been duly considered and closed without prosecution, you are authorized to release the inclosed permits to Messrs. John W. Hay, W. H. Gottsche, Robt. D. Murphy and John W. Hay, Jr., and to forward copies thereof to the banks involved, at the same time furnishing the Board complete information with respect to the disposition of these matters in order that its records may be complete.

"The Board also desires that when you submit your recommendations as a result of your annual review of these permits you report fully as to whether Mr. John W. Hay has further violated any provisions of the law by overdrawing his account or otherwise, and whether Mr. Gottsche has continued the practice of habitually overdrawing his account."

Approved.

Letters dated June 13, 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. John E. Curley, for permission to serve at the same time as a director of The First National Bank of Glen Cove, Glen Cove,

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New York, and as a director and officer of The State Bank of Sea Cliff, Sea Cliff, New York.

Mr. S. W. Dittenhofer, for permission to serve at the same time as a director of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Grand Avenue State Bank, St. Paul, Minnesota.

Mr. H. R. Fairchild, for permission to serve at the same time as an officer of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Grand Avenue State Bank, St. Paul, Minnesota.

Mr. E. J. Gifford, for permission to serve at the same time as an officer of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director and officer of the Security State Bank of Saint Paul, St. Paul, Minnesota.

Mr. R. C. Lillibridge, for permission to serve at the same time as an officer of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Security State Bank of Saint Paul, St. Paul, Minnesota.

Mr. A. W. McNee, for permission to serve at the same time as an officer of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Farmers & Merchants State Bank of Saint Paul, St. Paul, Minnesota.

Mr. Philip L. Ray, for permission to serve at the same time as a director and officer of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Grand Avenue State Bank, St. Paul, Minnesota.

Mr. George M. Robbins, for permission to serve at the same time as an officer of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Grand Avenue State Bank, St. Paul, Minnesota.

Approved.

There were then presented the following applications for changes in stock:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 3.</u>		
Northwestern National Bank in Philadelphia,	360	360
Philadelphia, Pennsylvania		

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<u>Applications for ORIGINAL Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 7.</u>			
Hardin County National Bank in Eldora, Eldora, Iowa		60	60
<u>District No. 11.</u>			
The First National Bank of Angleton, Angleton, Texas		36	36
		<u>36</u>	<u>36</u>
		Total	456
<u>Application for SURRENDER of Stock:</u>			
<u>District No. 8.</u>			
The State National Bank of Texarkana, Texarkana, Arkansas		120	120

Approved.

Thereupon the meeting adjourned.

Wesley Howell
Secretary.

Approved:

E. R. Mack
Governor.