

A meeting of the Federal Reserve Board was held in Washington on Saturday, June 23, 1934, at 11:00 a. m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary
Mr. Martin, Assistant to the Governor
Mr. Wyatt, General Counsel

Governor Black stated that in accordance with the action taken by the Board on June 20, 1934, he would address letters today to the Chase National Bank, the National City Bank, the First National Bank of Boston, the Royal Bank of Canada, the Bank of Nova Scotia, and the Canadian Bank of Commerce, all of which have banking offices in Cuba, inviting them to send representatives to Washington to attend a meeting for the purpose of considering the question of the discontinuance of the Havana Agency.

Mr. Wyatt read a memorandum prepared under date of June 23, 1934, by Mr. Chase, Assistant Counsel, referring to the recent applications submitted to the Board for permits covering syndicate relationships between member banks and dealers involving issues of municipal and other securities of the kinds exempted from the restrictions upon underwriting contained in paragraph "seventh" of Section 5136 of the Revised Statutes, and to the difficulty involved in such

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applications in that, because of the necessity of acting on the applications promptly in order to enable the participants to bid on issues of securities, it is necessary for the Board to act without the benefit of all of the information ordinarily available in connection with applications under Section 32 of the Banking Act of 1933; that a number of such applications are now pending before the Board; that, in order to meet the administrative difficulty, it is suggested that the requirement for formal applications be dispensed with; and, in order to obviate the necessity for telegraphic requests for permission and telegraphic replies in each case, that the Board issue a blanket permit authorizing any member bank or banks to have correspondent relationships with any dealer or dealers, and any dealer or dealers to have correspondent relationships with any member bank or banks, in connection with such exempt securities, until December 1, 1934. The memorandum stated that, during the intervening period, it is contemplated that the Board and the Federal reserve agents will assemble information respecting the operations of member banks pursuant to such permit with a view to determining whether such operations are being in any respect harmful to the member banks or otherwise incompatible with the public interest and also with a view to formulating a permanent procedure respecting such matters, and that the information developed may possibly lead to a recommendation to the Congress that Section 32 be amended so as not to apply to correspondent relationships involving such exempt securities. The memorandum also submitted a proposed telegram to all

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Federal reserve agents in the following form and a form of statement to the press advising of the proposed action, and stated that within the next few days a further recommendation will be submitted to the Board regarding the information to be required of member banks engaging in correspondent relationships:

"As you know from Federal Reserve Board's letter of May 25, 1934 (X-7901), Board has heretofore granted individual permits under Section 32 of Banking Act of 1933 for member banks to act as correspondent banks for dealers in securities in connection with underwriting and dealing in securities exempted from restrictions contained in Section 5136 Revised Statutes of United States. Board has now decided to grant and hereby grants permit under Section 32 of Banking Act of 1933 for period until December 1, 1934, for correspondent relationships between any member bank or banks and any dealer or dealers in securities in connection with underwriting and dealing in the following types of securities only: obligations of United States, general obligations of any State or of any political subdivision thereof, obligations issued under authority of Federal Farm Loan Act, obligations issued by Federal Home Loan Banks, and/or obligations issued by Home Owners Loan Corporation. This permit is subject to revocation in whole or in part as to any or all member banks or dealers after reasonable notice and opportunity to be heard. Instead of formal applications usually required, each member bank which exercises privilege granted herein shall promptly furnish to Federal Reserve Agent of district in which member bank is located such information concerning its operations under this permit as Federal Reserve Board may require, and Board will at an early date advise as to information which must be submitted. Upon receipt of required information, each Federal Reserve Agent will be expected to review promptly facts involved in each correspondent relationship covered by this permit in his district, and to advise Board of any case in which facts are such as to indicate that permit should be revoked as to particular relationship. Each Federal Reserve Agent is requested to review all correspondent relationships covered by this permit in his district, and advise Board, not later than November 15, 1934, whether in his opinion it will be compatible with the public interest to renew this permit, stating reasons for his opinion. Please advise all member banks in your district concerning this permit."

After discussion, Mr. Szymczak moved that it be considered the sense of the Board that generally it is not

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incompatible with the public interest for banks to engage in syndicate operations with dealers in connection with issues of securities which are exempt from the restrictions upon underwriting contained in paragraph "seventh" of Section 5136 of the Revised Statutes, and that, as this opinion is supported by the attitude of Congress as expressed in Section 5136 and other legislation, the Board approve the telegram and press statement submitted with Counsel's memorandum.

Carried.

Governor Black stated that he had received a letter dated June 21, 1934, from the Secretary of the Treasury, stating that the Treasury Department will conduct a currency and banking study this summer in preparation for the legislative program at the next session of Congress; that Dr. Viner, Assistant to the Secretary of the Treasury, will be in charge of this study; and that the Secretary will appreciate any assistance which the members of the Board and its research and library staff may extend to Dr. Viner and those working under him. Governor Black said he had discussed the letter with Mr. Goldenweiser, Director of the Board's Division of Research and Statistics, who had written a memorandum under date of June 23, 1934, suggesting that, in order to systematize the relationship of the Division of Research and Statistics with Dr. Viner and his associates, the Treasury representatives be requested to communicate in all cases with a designated member of the staff of the division who is familiar with the available material and with the assignments of different subjects in the division.

It was understood that the Governor would address a reply to the letter from the Secretary of the

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Treasury, stating that the Board will be glad to cooperate in the manner suggested with the Treasury representatives in their study, and that a member of the staff of the Division of Research and Statistics will be designated through whom information in the division will be made available.

In connection with the above matter, the Governor referred to a further suggestion contained in Mr. Goldenweiser's memorandum of June 23 that it would be desirable for the Federal Reserve System to have a program of its own and to have a System committee appointed, consisting of representatives of the Board, the Federal reserve banks, and possibly someone from the outside, for the purpose of formulating a program for submission to the Board next autumn.

Upon motion by Mr. O'Connor, Mr. Goldenweiser's suggestion was approved.

The Governor then stated, for the information of the other members of the Board, that, in accordance with the action taken at the meeting of the Board on June 20, 1934, he had conferred with the Secretary of the Treasury with regard to the suggestion that the Federal Reserve Board move its offices now located in the Treasury building to temporary quarters pending completion of the Board's new building; that he advised the Secretary that the Board was in sympathy with the suggestion and would like to know what the wishes of the Department were as to when the Board should move; and that the Secretary had advised that it would meet the convenience of the Department if arrangements could be made by August 1, 1934.

Mr. Morrill reported that, following the meeting of the Board

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on June 20, 1934, negotiations were resumed with the representatives of the owners of the Washington Building, at Fifteenth Street and New York Avenue for space in that building; that it had been ascertained that the space previously available on the eighth floor of the building could not be had at the present time but similar space on the fifth floor may be available; and that the manager of the building had agreed to submit a proposal as soon as possible.

Governor Black stated that the Secretary of the Treasury had advised that he planned to be away from Washington during the entire month of July, and had asked that the Board extend to Mr. Coolidge, Under Secretary of the Treasury, the privilege of attending the meetings of the Board during that period. The Governor said he had called the Secretary's attention to the fact that, under the law, the Under Secretary could not serve as a member of the Board in the absence of the Secretary.

After discussion, during which it was pointed out that, as the minutes of the meetings of the Board, which set forth the actions taken by the Board, are available to the Secretary for his information, there is no reason why a representative of the Secretary should attend meetings of the Board, unless there is under consideration something which is of interest to the Treasury Department, the Governor was requested to advise the Secretary that the Federal Reserve Act does not contemplate that the Under Secretary of the Treasury shall act as a member of the Board in the absence of the Secretary, or attend meetings of the Board as his representative, but that the Board will be glad to invite Mr. Coolidge to attend any meetings held during the contemplated absence of the Secretary at which matters involving Treasury policies are discussed, and that if Mr. Coolidge has anything which he would like to present to the Board during such period, a meeting of the Board will be called for that purpose.

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Governor Black then reported that he and members of the Board's staff had been in consultation with the Secretary of the Treasury and his counsel with regard to the procedure to be followed by the Treasury Department in paying to the Federal reserve banks the funds contemplated in Section 13b of the Federal Reserve Act as amended which would be used by the Federal reserve banks in making advances to provide working capital for industrial and commercial concerns, and he stated that a draft of a letter to the Federal reserve banks had been prepared by the Treasury Department which contemplates that when a Federal reserve bank makes an advance under the authority of the act the Treasury Department will transfer to the Federal reserve bank one-half of the amount of the loan. Governor Black pointed out that under this suggested procedure the Federal reserve banks would have to advance the approximately \$280,000,000 authorized by the act before the Treasury Department would turn over to the banks the full amount represented by their subscription to stock in the Federal Deposit Insurance Corporation. He stated that he had the matter under discussion with Under Secretary of the Treasury Coolidge and would endeavor to have this restriction removed from the proposed agreement.

At this point, Mr. Vest, Assistant Counsel, joined the meeting.

There was then presented and discussed a draft of a tentative regulation "S" covering discounts, purchases, loans and commitments by Federal reserve banks to provide working capital for established industrial or commercial businesses under the industrial credit act.

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Certain changes were made in the proposed regulation, and it was understood that the draft as amended would be given further consideration at the meeting with the governors and Federal reserve agents on June 25, 1934, and would be presented again to the Board thereafter before being issued in final form.

The Board then considered and acted upon the following matters:

Telegram dated June 22, 1934, approved by six members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Answering your letter June 11, 1934 relating to temporary assignment someone from your bank to assist in Board's Division of Examinations, Board appreciates your spirit of cooperation in matter and will be glad to have you send Harry N. Baxendale 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.

Memorandum dated June 20, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated June 16 from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, which requested approval of a change in the personnel classification plan of the San Antonio Branch to provide for the new position of "R.F.C. clerk" in the Reconstruction Finance Corporation department. The memorandum stated that the committee had reviewed the proposed change and recommended that it be approved. The recommendation was approved by six members of the Board on June 22, 1934.

Approved.

Letter to the board of directors of the "First State Bank of

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"Claude", Claude, Texas, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Dallas.

Approved.

Letter dated June 22, 1934, approved by six members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"Receipt is acknowledged of Mr. Fenner's letter of June 16, 1934, with further advice relative to the issuance of surety bonds by the Lock Haven Trust Company, Lock Haven, Pennsylvania.

"It is noted that the trust company has obtained a release on the tax collector bond of C. E. Oberheim, and that the surety bond on which the trust company is still obligated was issued in connection with a lost stock certificate, the duplicate of which was issued and registered in the name of the Lock Haven Trust Company and is held as collateral to a loan. The trust company points out that the suretyship contract was a matter of protection for its loan and not a convenience for the borrower, and requests permission to continue this contract.

"In view of the circumstances, the Board will interpose no objection to the continuance of this bond so long as the trust company has an interest in the shares of stock involved and retains possession of the certificate."

Approved.

Letter to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, with regard to the steps being taken in connection with the matters commented on in the report of examination of the Bank of Edenton, North Carolina, as of December 18, 1933.

Approved.

Letter dated June 22, 1934, approved by six members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

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"This refers to your letter of May 14, 1934, with inclosures, reporting a possible violation of the provisions of Section 22(g) of the Federal Reserve Act by J. W. Morrison, vice president of the Farmers State Bank, Clarendon, Texas. It has been noted that, in accordance with the suggestion contained in the letter from this office dated March 28, 1934, you have submitted this matter to the Board for advice as to whether it should be reported to the local United States District Attorney. In view of the small amount involved, \$48.92, and the fact that the increase in the indebtedness of the person named does not represent an actual advance of new funds but represents merely the interest on an old note from its due date to the maturity of the renewal note, the Board has not reported the matter to the Attorney General of the United States. Accordingly, it will not be necessary for you to make a report thereof to the local United States District Attorney."

Approved.

Letter to "The First National Bank in Mascoutah", Mascoutah, Illinois, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you permission to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Illinois, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

"This letter will be your authority to exercise the fiduciary powers granted by the Board. A formal certificate covering such authorization will be forwarded to you in due course."

Approved.

Letter dated June 22, 1934, approved by six members of the Board, to the "Security National Bank of Kansas City", Kansas City, Kansas, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you permission to act, when not in contravention of State

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"or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Kansas, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

"This letter will be your authority to exercise the fiduciary powers granted by the Board. A formal certificate covering such authorization will be forwarded to you in due course."

Approved.

Letter dated June 22, 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 19, 1934, relative to the proposed capital reduction of 'The Middletown National Bank', Middletown, Connecticut, which was originally approved by the Board on November 18, 1933, subject to certain conditions, and which approval was amended by the Board's letter of February 27, 1934, to provide for the sale locally of \$126,900 of preferred stock instead of the sale of that amount of common stock as provided in the original plan, with the understanding that the other features of the plan remain unchanged.

"Your letter indicates that the recapitalization program is now ready to be consummated, but that issuance of the necessary certificate by you has been withheld because of doubt whether the original requirement of the Board that the common stock subscribed for locally be sold to subscribers having knowledge of the condition of the bank applies also to the preferred stock sold locally in lieu of such common stock.

"In view of the statement contained in your letter to the effect that, in your opinion, the condition of the subject bank is such as to render unnecessary a requirement that the preferred stock sold locally be taken by persons familiar with the condition of the bank, the Board further amends its previous approvals to provide that the preferred stock to be sold locally be not subject to the condition previously imposed in connection with the contemplated sale locally of common stock."

Approved.

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

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as follows:

"In accordance with Acting Comptroller Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Oakland National Bank', Oakland, Illinois, from \$53,000 to \$13,250, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$36,750 of preferred stock to the Reconstruction Finance Corporation and/or others, and that the released capital shall be used to eliminate approximately \$29,725 of unsatisfactory assets and to increase the bank's surplus account by \$10,000, all as set forth in Mr. Awalt's memorandum of June 9, 1934."

Approved.

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

as follows:

"In accordance with the recommendation of Acting Comptroller of the Currency Awalt, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Cape Girardeau', Cape Girardeau, Missouri, from \$100,000 to \$50,000, pursuant to a plan which provides that the bank's capital shall be increased by \$100,000 of preferred stock to be sold to the Reconstruction Finance Corporation, and that the released capital shall be used in eliminating a corresponding amount of unsatisfactory assets, all as set forth in Mr. Awalt's memorandum of June 9, 1934."

Approved.

Letter dated June 22, 1934, approved by six members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Central Savings Bank and Trust Company', Denver, Colorado, from \$500,000 to \$150,000, pursuant to a plan which provides that the bank's capital shall be increased by \$200,000 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 substandard assets and securities depreciation, such assets to remain the property of the bank, all as set forth in your letter of April 11, 1934."

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"The Board's approval is given, of course, with the understanding that the reduction in capital will be authorized by a vote of the shareholders of the bank, that the transaction has the approval of the State Bank Commissioner of the State of Colorado, and that your counsel has considered the case and is satisfied as to its legal aspects. In this connection, the Board would like to be furnished with a copy of any amendment to the bank's charter which may be adopted for the purpose of effecting the proposed capital reduction.

"In considering the plan under which the reduction in common capital stock is to be effected, it was noted that the proposed adjustments do not provide for the elimination of all estimated losses and depreciation in lower grade securities, as classified in the report of credit investigation as of March 8, 1934. While the remaining amounts will be protected by the bank's surplus, and it is probably not feasible to obtain further corrections at this time, the Board feels that a bank's published statements should reflect the true condition of the bank and that all estimated losses and depreciation in securities other than those in the four highest grades should be charged off or otherwise eliminated at the earliest possible date. It will be appreciated, therefore, if you will endeavor to obtain such action by The Central Savings Bank and Trust Company whenever it becomes feasible to do so.

"A review of the report of credit investigation as of March 8, 1934, discloses several unsatisfactory features in the condition of the bank, and, from the information submitted, there is no evidence that such matters have been taken up by your office with the bank or with the appropriate State authorities with a view to obtaining the necessary corrective action thereon.

"It has been noted that the bank has engaged quite extensively in the business of selling to investors real estate loans and participation certificates, and that there are now outstanding approximately \$851,600 of real estate loans, sold without recourse, and \$220,850 of participation certificates, a substantial portion of which is reported to be subject to criticism for various reasons. While the bank may not have a legal responsibility on the notes and participation certificates sold, no doubt it has a moral responsibility, and, the aggregate of such sales being of a substantial amount, serious embarrassment could be caused the bank as a result of any unfavorable developments. The Board, as indicated by a condition of membership now imposed upon banks admitted to membership in the Federal Reserve System, does not look with favor upon depositary banks engaging in the business of issuing or selling, either directly or indirectly, notes, bonds, mortgages, certificates, or other evidences of indebtedness representing real estate loans or participations therein, and it is requested that you use every effort to obtain a discontinuance of this practice by The Central

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"Savings Bank and Trust Company.

"Other important matters which should be brought to the attention of the board of directors of the bank with a view to obtaining corrective action thereon, include the criticisms of the trust department, excessive loans, and the practice of permitting continuous overdrafts to Director Bordy, whose overdraft in the amount of \$325 is classified as a loss in the report of credit investigation.

"It will be appreciated if you will bring these matters to the attention of the bank in an effort to obtain corrections on all the criticised features, keeping the Board fully advised as to progress made thereon. In the interests of cooperation, however, it may be advisable to take these matters up first with the State Bank Commissioner."

Approved.

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

"Reference is made to your letters of May 25, and 28, 1934, advising of the reduction in the common capital stock of the 'Empire Trust Company', St. Joseph, Missouri, from \$200,000 to \$100,000, and the increase in the bank's capital by the sale of \$100,000 of preferred stock to the Reconstruction Finance Corporation, which was effected about March 12, 1934.

"The Board has reviewed the information submitted in connection with this transaction from which it appears that none of the released capital was returned to stockholders but was used, together with part of the bank's surplus, profits and reserves, in eliminating substandard assets and securities depreciation aggregating approximately \$213,530.94. In the circumstances, the Board will interpose no objection to the reduction in the bank's capital with the understanding, of course, that the transaction was approved by the Commissioner of Finance of the State of Missouri and that your Counsel is satisfied as to the legality of the proceedings in connection therewith.

"It is observed that the subject bank has a substantial investment in corporate stocks, other than the stock of the affiliated Empire Safe Deposit Company which holds title to the banking premises. The Board feels that such stocks are not suitable investments for funds of commercial banking institutions and it is suggested that you advise the bank of the Board's attitude in this connection with a view to obtaining a disposition of such stocks as soon as it is feasible to do so."

Approved.

Telegram to Mr. Sargent, Assistant Federal Reserve Agent at

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the Federal Reserve Bank of San Francisco, sent on June 22, 1934 with the approval of three members of the Board and reading as follows:

"Your wire June 22 re application First National Bank, Pacific National Bank and Seattle Trust Company, all of Seattle, Washington, for permit under Section 32 of Banking Act of 1933. Board grants permit under above section to member banks named above to act as correspondent banks for Halsey Stuart, Chicago, Illinois, and W. P. Harper and Son, Seattle, Washington, solely in connection with issue of \$1,128,000, of Seattle General Obligation Bonds dated July 1, 1934, and due serially 1936 to 1954, referred to in your wire. Please obtain and forward for Board's files an application by each member bank covering relationships referred to together with usual accompanying forms. Formal permit being prepared and will be mailed shortly. Please advise applicants."

Approved.

Letter dated June 22, 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 June 14, 1934, regarding the four trust companies which are controlled by Old Colony Trust Associates, Boston, Massachusetts, and have been admitted to membership in the Federal Reserve System since the first of the year, subject in each case to the following condition of membership, among others:

'Within six months from the date of admission of such bank to membership, Old Colony Trust Associates, Boston, Massachusetts, shall obtain from the Federal Reserve Board, pursuant to the provisions of Section 5144 of the Revised Statutes, as amended, a voting permit entitling it to vote for all purposes the shares of stock, now or hereafter owned or controlled by it, of such bank and of all its other subsidiary member banks.'

"You state that it will be some months before the simultaneous examination can be made of the holding company and the various subsidiary banks, and inasmuch as the holding company has previously filed an application and there is nothing that the subsidiary banks can do at this time to expedite the matter, you ask whether it will be necessary for the banks to request extensions of time in which to comply with this condition of membership. In this case and in any similar case where the holding company affiliate has filed an application for a voting permit

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"and the delay in acting upon the application is not attributable to the holding company affiliate or its subsidiary banks, the Board, without formal application on the part of the member banks, will extend until December 1, 1934, the time within which the required voting permit shall be obtained, and you may so advise the various banks in your district which have been admitted to membership subject to a condition requiring the holding company affiliate to obtain a voting permit within a specified time prior to December 1, 1934. It is understood, of course, that simultaneous examinations of the various holding company affiliates and their subsidiaries will be undertaken as soon as arrangements can be effected, and that the necessary data will be promptly submitted to the Board in order that action may be taken upon the voting permits as soon as it is practicable to do so.

"Please report to the Board any case in which you advise a member bank of such extension."

Approved, together with a letter, also approved by six members of the Board under date of June 22, to the Federal reserve agents at other Federal reserve banks, inclosing a copy of the letter to Mr. Curtiss and stating that if there are any similar cases in their respective districts that they be guided by the instructions contained in the letter.

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

"Under the terms of Section 9 of the Federal Reserve Act, each State bank which is a member of the Federal Reserve System is required to publish the reports of each of its affiliates and holding company affiliates other than member banks under the same conditions as govern its own condition reports. In view of the fact, however, that there is no provision in the Federal law requiring the publication of condition reports submitted by State member banks to the Federal Reserve Board, the Board has ruled that a State member bank must publish the reports of its affiliates only if publication of the member bank's own condition report is required under State law, and that the conditions governing the method and time of publishing the reports of such affiliates depend upon the requirements of State law governing the method and time of the publication of such bank's own condition reports.

"Inasmuch as calls for condition reports by State banking authorities frequently do not correspond in number or in date with calls issued by the Federal Reserve Board, the following rules should be observed in connection with the publication of

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"the reports of affiliates (including holding company affiliates) of State member banks:

"1. If a call requiring a report of condition of a State member bank is made by the supervisory authorities of a State as of the same date as a call by the Federal Reserve Board for reports of State member banks and affiliates, and if publication of the report of condition of such State member bank rendered to the State authorities is required pursuant to State law, the report of each affiliate and holding company affiliate (other than a member bank) of such State member bank rendered pursuant to the Board's call should be published in the same newspaper and on the same date as the report of condition of the State member bank rendered pursuant to the call by the State authorities.

"2. In the event that the supervisory authorities of a particular State do not make a call for the reports of condition of banks incorporated under the laws of such State as of the same date as the Board's call for the reports of State member banks and affiliates, the report of each affiliate and holding company affiliate (other than a member bank) of a member bank incorporated under the laws of such State which is rendered pursuant to the Board's call should be published in the same newspaper and on the same date as the report of condition of such State member bank rendered pursuant to the next succeeding call of the supervisory authorities of the State, except as stated in paragraphs 3 and 4 hereof.

"3. If two or more calls for the reports of State member banks and affiliates are made by the Board without an intervening or coincident call by the supervisory authorities of a particular State, each State member bank in such State should publish, along with the report of its condition rendered pursuant to the next succeeding call of the State authorities and published pursuant to the requirements of State law, only the reports of its affiliates and holding company affiliates (other than member banks) rendered pursuant to the call by the Federal Reserve Board next preceding the call by the State authorities.

"4. If two or more calls for the reports of State member banks and affiliates are made by the Federal Reserve Board without an intervening call by the supervisory authorities of a particular State, but a call by such State authorities is made as of the same date as the last of such calls by the Board for the reports of State member banks and affiliates, each State member bank in such State should publish, along with the report of its condition rendered pursuant to said call by the State authorities and published pursuant to the requirements of State law, only the reports of its affiliates and holding company affiliates (other than member banks) rendered pursuant to the last of such calls by the Federal Reserve Board.

"5. Regardless of the date of publication, published

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"reports of affiliates and holding company affiliates of State member banks must always be as of the date of the Board's call, and not as of the date of the State call.

"In order to insure that reports of affiliates and holding company affiliates are published under the same conditions as govern the publication of condition reports of State member banks submitted to State authorities, it is requested that counsel for your bank procure complete information as to the State laws and regulations governing such publication, and that a statement thereof accompanied by a copy of the laws and regulations be furnished the Board. It is also requested that the Board be advised currently of changes in the State laws and regulations governing publication of condition reports by State banks, and that the Board's attention be called to the failure of any State member bank to have reports of its affiliates and holding company affiliates (other than member banks) published in accordance with the conditions governing the publication of condition reports of State banks submitted to State authorities."

Approved.

Letter dated June 22, 1934, approved by six members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"There are inclosed Clayton Act permits and copies thereof issued by the Board to John A. Blakemore, 14 Court Street, Abingdon, Virginia, covering his service as director and officer of The Bank of Damascus, Incorporated, Damascus, Virginia, and as director of The Washington County National Bank of Abingdon, Abingdon, Virginia, and to L. C. Hassinger, Lee Street, Bristol, Virginia, covering his service as director of The Dominion National Bank of Bristol, Bristol, Virginia, and as director of The Washington County National Bank of Abingdon, Abingdon, Virginia.

"The Board understands that The Washington County National Bank of Abingdon, Abingdon, Virginia, is in process of organization. It is requested, therefore, that you hold the inclosed permits and copies until such time as the new Abingdon bank has been granted a charter and has opened for business. At that time you are authorized to release the permits to Messrs. Blakemore and Hassinger and to forward the copies to the banks involved. In this connection it is assumed that before releasing the permits you will ascertain that the title of the new Abingdon bank as shown in the permits is correct according to the bank's charter.

"Please advise the Board concerning the disposition of

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"these matters in order that its records may be complete."

Approved.

Letter dated June 22, 1934, approved by six members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, 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, feels that the issuance of the permit 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, what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. Karl A. Oesterle, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director of the Merchants Trust & Savings Company, Muncie, Indiana.

Approved.

Letters dated June 22, 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. George A. Ball, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director of Merchants Trust & Savings Company, Muncie, Indiana.

Mr. F. B. Bernard, for permission to serve at the same time as a director and officer of The Merchants National Bank of Muncie, Muncie, Indiana, as a director and officer of Merchants Trust & Savings Company, Muncie, Indiana, and as a director and officer of Citizens Banking Company, Anderson, Indiana.

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Mr. Myron H. Gray, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, as a director of Merchants Trust & Savings Company, Muncie, Indiana, and as a director of Federal Home Loan Bank of Indianapolis, Indianapolis, Indiana.

Mr. W. T. Haymond, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director of Merchants Trust & Savings Company, Muncie, Indiana.

Mr. J. Lloyd Kimbrough, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director of Merchants Trust & Savings Company, Muncie, Indiana.

Mr. A. L. Kitselman, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director of Merchants Trust & Savings Company, Muncie, Indiana.

Mr. Robert H. Myers, for permission to serve at the same time as an officer of The Merchants National Bank of Muncie, Muncie, Indiana, and as an officer of Merchants Trust & Savings Company, Muncie, Indiana.

Mr. Charles A. Penzel, for permission to serve at the same time as a director of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director of Merchants Trust & Savings Company, Muncie, Indiana.

Mr. F. D. Rose, for permission to serve at the same time as a director and officer of The Merchants National Bank of Muncie, Muncie, Indiana, and as a director and officer of Merchants Trust & Savings Company, Muncie, Indiana.

Approved.

Thereupon the meeting adjourned.

Walter Morier
Secretary.

Approved:

E. P. Baer
Governor.