A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Tuesday, July 24, 1934, at 3:00 p. m.

PRESENT: Mr. Thomas, Chairman, Executive Committee
Mr. James
Mr. Szymczak
Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Martin, Assistant to the Governor

The Committee considered and acted upon the following matters:

Telegram to Governor Fancher of the Federal Reserve Bank of Cleveland, reading as follows:

"Your letter July 20. Board approves for your bank rate of 5% per annum on advances to individuals, partnerships and corporations under third paragraph of section 13 of Federal Reserve Act, as amended, effective July 24, 1934."

Approved.

Letter dated July 21, 1934, approved by three members of the Board, to Honorable George N. Peek, Special Adviser to the President on Foreign Trade, reading as follows:

"Receipt is acknowledged in the absence of Governor Black of your letter of July 18 in regard to the services of Mr. Herman C. King.
"In the circumstances indicated in your letter the Board will interpose no objection to the continuance of Mr. King in the service of your office until August 20, 1934."

Approved.

Memorandum dated July 19, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated July 17 from Mr. Sailer, Deputy Governor of the Federal Reserve Bank of New York, which requested approval of changes in the personnel classification plan of the bank to provide for the new position of "senior clerk" in the foreign accounts
division of the foreign department, and for a revision of the description of work and qualifications required for a number of positions in the foreign accounts division. The memorandum stated that the committee had reviewed the proposed changes and recommended that they be approved. The recommendation was approved by three members of the Board on July 23, 1934.

Approved.

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

"Receipt is acknowledged of your letter of July 21 requesting approval by the Federal Reserve Board of a leave of absence for vacation during the month of August. You are advised that the Board approves the leave of absence requested in your letter. However, since it appears that you may be unable to leave the bank before August 8, it will be appreciated if you will advise the Board as to the date on which your vacation actually begins."

Approved.

Letter dated July 21, 1934, approved by three members of the Board, to Mr. Peyton, Chairman of the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of June 12 in reply to our letter of June 7 regarding salaries of employees of your bank. It is noted from your letter that on January 1, 1934, you appointed as examiner Mr. John Carlander, whose appointment as assistant examiner was approved by the Board on September 18, 1933, but that you were not familiar with the proper procedure in this connection and, consequently, did not submit the matter to the Board for its action thereon. Under the circumstances and in view of the fact that the information which has been submitted in behalf of Mr. Carlander is favorable and that he appears to be qualified to fill the position he now holds, the Board approves, effective January 1, 1934, the appointment of Mr. Carlander as examiner in the
"Federal Reserve Reserve Agent’s Department of your Bank, at a salary of $4,200 per annum.

The Board also approves, effective January 1, 1934, the proposed changes in the personnel classification plan with your letter dated July 23, 1934, approved by three members of the Board, as shown on the revised pages of Form A enclosed with your letter of June 12 and Mr. Yager’s letter of June 25, 1934.

Approved.

W. S. Terrian
Manager, Auditing Dept.

A. W. Olstad
Equipment Mechanic, General Service Dept.

M. E. Larsen
Manager, Accounting Dept.

Annual salary:

$3,800

E. L. Olstad, Federal Reserve Agent at the Federal Reserve Bank of New York, as follows:

30, 1933, and your letter of January 7, 1934, regarding the absorption of the Town Trust Company by the Bank of Montclair, New Jersey, as at the close of business December 30, 1933, and the establishment by the Bank of Montclair of a branch at the former location of the Town Trust Company.

The information submitted in these letters, together with the information contained in the reports of examination made by one of the Federal Reserve System examiners as at the close of business March 21, 1934, it appears that the transaction did not result in any material change in the character of the assets of the Bank of Montclair, or any broadening in the functions previously exercised by it, and the Board was of the opinion that the legal phases of the matter met with the approval of your counsel.

Reference is made to Mr. Dillistin’s letter of December 30, 1933, and your letter of February 7, 1934, regarding the acquisition of the Town Trust Company by the Bank of Montclair, New Jersey, as at the close of business December 30, 1933, and the establishment by the Bank of Montclair of a branch at the former location of the Town Trust Company.
"It is assumed that the State authorities approved the absorption inasmuch as on December 26, 1933, the Commissioner of Banking and Insurance of New Jersey approved and authorized the establishment and maintenance by the Bank of Montclair of a branch office or agency at the location then occupied by the Town Trust Company. Your attention is directed to the comment of the examiner for the State of New Jersey, in his report of examination as at March 21, 1934, regarding the Grove Office branch, to the effect that, 'it is doubtful if there is any valid reason for continued operation of the branch'. It is assumed, therefore, that, in your discussions with the management of the Bank of Montclair, you will suggest that consideration be given to the advisability of discontinuing the branch office if it is not being operated profitably.

"According to the information submitted, the Bank of Montclair acquired certain corporate stocks in the transaction. Under the provisions of Section 9 of the Federal Reserve Act, as amended by Section 5 (c) of the Banking Act of 1933, approved June 16, 1933, State member banks may not legally purchase stock in other corporations after that date except in the limited classes of cases in which national banks may lawfully do so. You are requested, therefore, to call the attention of the bank to these statutory provisions and to request the bank to dispose of all corporate stocks which were acquired from the Town Trust Company as soon as feasible. As indicated by one of the standard conditions of membership now being prescribed, the Board feels that corporate stocks are not suitable investments for the funds of depository banking institutions, and you are requested also to acquaint the bank with the Board's views in the matter and suggest that the bank give consideration to the advisability of disposing of the other corporate stocks which are owned by the bank.

"It has been observed that on March 21, 1934, date of examination, the bank held loans aggregating approximately $2,400 which had been acquired in the absorption and which were secured by 39 shares of its own stock. You are requested to call attention to the desirability of eliminating at the earliest practicable date all loans secured in whole or in part by the bank's own stock or of obtaining other adequate security for each such loan.

"The report of examination indicates that the building formerly occupied by the Town Trust Company was being carried at approximately $72,500. In a telephone conversation with one of the Board's examiners on April 12, 1933, you indicated that the Town Trust Company building was probably not worth more than $50,000. It is suggested also that in your discussions with the management of the bank you call attention to the necessity of making adequate provision for this apparent overvaluation by charge off or by the creation of proper reserves."
"According to the report of examination as at March 21, 1934, made by the State examiner, a certificate of deposit for $80,000 dated August 1, 1928, bears interest at the rate of 4 per cent. It is assumed that the attention of the bank has been called to the provisions of Regulation Q regarding the payment of interest on deposits and that the bank has been requested to take the steps necessary to bring the rate within the maximum prescribed by the Regulations as soon as may be possible with regard to its contractual obligations.

"The report of examination as at March 21, 1934, reflects a most unsatisfactory condition, and it is essential that the capital structure be strengthened promptly. It is hoped that the rehabilitation program which has been under consideration for some time can be consummated shortly."

Approved.

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

"This refers to your letter of June 11, 1934, wherein you state that the Peoples State Bank, Inc., Galax, Virginia, has ceased to exercise banking functions but has not been formally placed in liquidation or receivership, and in which you recommend that the stock of this bank in the Federal Reserve Bank of Richmond, be canceled. In view of the information submitted, and in order that the stock held by the member bank may be canceled according to the provisions of the statute, the Federal Reserve Board has decided to institute formal proceedings looking toward the forfeiture of the membership of the bank.

"In accordance with the customary procedure in such cases, the Board will afford the bank an opportunity for a hearing pursuant to the eighth paragraph of Section 9 of the Federal Reserve Act. There is inclosed herewith a letter the Board has addressed to the Peoples State Bank, together with a copy thereof, giving notice that representatives of the bank may appear before the Board on August 28, 1934, in Washington, D. C., to show cause why the bank should not be required to surrender its stock in the Federal Reserve Bank of Richmond and to forfeit all rights and privileges of membership in the Federal Reserve System.

"You are hereby authorized to have the inclosed letter personally presented to one of the officers of the member bank, the person who does so to make an affidavit of service in the usual form in which such affidavits are made in the State of Virginia. This affidavit and a copy of the letter to which it is attached should be forwarded to the Federal Reserve Board."
"If personal presentation of the inclosed letter will involve a considerable expense or if for any other reason it is not feasible to make such a presentation, you may have the inclosed letter forwarded by registered mail to Mr. B. B. Beamer, the Cashier of the member bank, or to some other officer of the member bank. If this procedure is followed, the person who mails the letter should obtain a receipt therefor and should request a return receipt showing that the letter was delivered to the addressee. When the receipt showing delivery of the letter has been returned, the person who mailed the letter should make an affidavit stating to whom he forwarded the letter by registered mail, and that he received a receipt showing its proper delivery. This affidavit and a copy of the letter to which it is attached, together with the receipt obtained at the time the letter was mailed and the receipt showing the delivery, should be forwarded to the Federal Reserve Board.

"Although the circumstances indicate that the member bank will most likely not desire to present evidence to the Board, you will note from the inclosed letter that, in accordance with the usual procedure, if the member bank desires to waive its right to appear before the Board in Washington, it may present to you such evidence as it may care to have presented to the Board, provided it gives reasonable notice to you and to the Board of its intention to appear before you. The date which may be designated in the inclosed letter for a hearing before yourself has been left blank in order that you may fill in such date as may be convenient to you, and you are requested to advise the Board as to the date you designate. It is suggested that you designate such a date as will make it convenient for the Board of Directors of your bank to consider at its next meeting any evidence presented. It is also suggested that the Counsel for your bank be present at any hearing held before yourself in this matter in order that he may assist in preparing an appropriate record of any evidence presented and advise with reference to any legal questions which may arise.

"If the member bank should appear before you, you should hear and make a record of all such evidence as the bank wishes to present to you and forward as soon as possible a transcript thereof to the Federal Reserve Board for consideration. Please also submit any information presented by the member bank at such a hearing before yourself to the Board of Directors of the Federal Reserve Bank of Richmond at its next meeting with the request that the Federal Reserve Board be advised, in view of such information, what action in the opinion of the Board of Directors of your bank the Federal Reserve Board should take in this case. Please also give the Board a statement of your views as to the effect of such information on the question involved."
"Although an appearance by the member bank before the Board also seems unlikely, in the event that the member bank desires to appear before the Board in Washington, such officers of the Federal Reserve Bank of Richmond as can testify to the facts involved should also be present. On the other hand, if the member bank notifies the Board that it waives its right to appear before the Board, or if you are satisfied that it will not make such an appearance, there will be no necessity for any representative of the Federal Reserve Bank to be present. 

"It is possible that the Peoples State Bank would be willing to withdraw voluntarily from membership in the System and request the Board to waive six months' notice of intention to withdraw. Accordingly, it is suggested that, if you have not already done so, you advise the bank of the provisions of Section 9 of the Federal Reserve Act and of the Board's Regulation H with regard to voluntary withdrawal."

Approved, together with a letter to the Peoples State Bank, Inc., Galax, Virginia, reading as follows:

"The Federal Reserve Board having been advised that you have ceased to exercise banking functions without a receiver or liquidating agent having been appointed for your institution, you are hereby notified that the Federal Reserve Board will hold a hearing in the offices of the Federal Reserve Board in Washington, D. C. at 11 o'clock on the morning of August 28, 1934, at which time your duly appointed representative or representatives are requested to appear to show cause why you should not be required to surrender your stock in the Federal Reserve Bank of Richmond, and to forfeit all rights and privileges of membership in the Federal Reserve System.

"In the event that you desire to waive your right to appear before the Federal Reserve Board at the time and place hereinbefore specified, you may, through your duly appointed representative or representatives, appear before the Federal Reserve Agent, the local representative of the Federal Reserve Board, in his office in the Federal Reserve Bank of Richmond at 11 o'clock on the morning of to present such evidence as you may care to have transmitted to the Federal Reserve Board for its consideration in determining whether or not you should be required to surrender your stock in the Federal Reserve Bank of Richmond and to forfeit all rights and privileges of membership, provided, however, that you give reasonable notice in advance both to the Federal Reserve Board and to the Federal Reserve Agent at the Federal Reserve Bank of Richmond of your intention to appear before the Federal Reserve Agent on the date mentioned.

"By Order of the Federal Reserve Board."
Letter dated July 23, 1934, approved by three members of the Board, to the "LaFayette National Bank", LaFayette, Indiana, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise certain fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee only under indentures securing bonds issued by or on behalf of Purdue University, LaFayette, Indiana, the exercise of such right to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

"Inasmuch as the application of the LaFayette National Bank, LaFayette, Indiana, was made prior to the date the Comptroller of the Currency authorized it to commence business, you are requested to have your board of directors adopt a resolution ratifying your application for permission to exercise trust powers, and a certified copy of the resolution so adopted should be forwarded as soon as possible to the Federal Reserve Agent at the Federal Reserve Bank of Chicago, who will forward it to the Federal Reserve Board."

Approved, together with a letter, also dated July 23, 1934, and approved by three members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"There is inclosed herewith a copy of a letter to the LaFayette National Bank of LaFayette, Indiana, advising that bank of the Board's permission to act as trustee only under indentures securing bonds issued by or on behalf of Purdue University, LaFayette, Indiana. Action has been deferred on the bank's application for the other fiduciary powers applied for until the institution has been examined by a national bank examiner and a report of such examination is available. After such examination your further advice with regard to the application will be appreciated."

Letter dated July 23, 1934, approved by three members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Receipt is acknowledged of Mr. Young's letter of July 12, 1934, advising that "The First Lake County National
"Bank at Libertyville", Libertyville, Illinois, desires to withdraw its application for unlimited fiduciary powers on account of the requirement of a deposit of $50,000 with the Auditor of Public Accounts, which amount they consider extremely large in view of the small amount of trust business available to the bank at the present time. The Board, therefore, considers the application for unlimited powers as having been withdrawn, and will close its files in the matter. Please advise the bank accordingly.

"In connection with this matter, it is assumed that the bank has given consideration to the question whether in view of the provisions of the State law it is required to deposit securities with the State authorities in connection with the limited trust powers which have been granted to the bank by the Board. It is suggested that, if you have not already done so, you call this phase of the matter to the attention of the bank and also call its attention to the provisions of Section 11(k) of the Federal Reserve Act and the Board's Regulation F with regard to the surrender of trust powers, since it is possible that the institution may wish to surrender the limited trust powers which have heretofore been granted by the Board."

Approved.

Letter dated July 23, 1934, approved by three 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 New Haven Bank, National Banking Association", New Haven, Conn., from $1,200,000 to $800,000, pursuant to a plan which provides that the bank's capital shall be increased by $200,000 of preferred stock, and that no part of the released capital shall be returned to stockholders but shall be used to eliminate $800,000 of the least desirable assets in the bank, all as set forth in your memorandum of July 12, 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 Ault, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Springfield', Springfield, New Jersey
"from $100,000 to $75,000, pursuant to a plan which provides for the sale at par of $25,000 of preferred stock to the Reconstruction Finance Corporation and for the use of the released capital together with the bank's surplus and undivided profits accounts in eliminating estimated losses and in reducing the book value of lower grade bonds, all as set forth in Mr. Awalt's memorandum dated July 14, 1934.

"In considering the plan under which the reduction in common capital is to be effected it was noted that there will remain in the bank's assets depreciation in securities of approximately $28,600, which, if considered as a loss, would impair its common capital to that extent. It is assumed, however, that you have this condition in mind and that appropriate steps will be taken to effect further corrections at such time as may be practicable."

Approved.

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

"The Federal Reserve Board has under consideration an application for reduction of the capital stock of 'The Mechanics' National Bank of Bayonne', Bayonne, New Jersey. It is noted from the report of examination of such bank as of April 22, 1934, that 1,011 of the 2,000 outstanding shares of capital stock of such bank are owned by the Mechanics Trust Company, Bayonne, New Jersey.

"On June 22, 1934, the Board wrote to you requesting certain information which would aid it in determining whether or not the Mechanics Trust Company is a holding company affiliate of The Mechanics' National Bank of Bayonne. In response to the above letter, Mr. Dillistin wrote to the Board under date of July 13, 1934, advising that the Mechanics Trust Company now owns 1,011 shares of the 2,000 outstanding shares of the capital stock of the national bank, that the trust company is operating under the provisions of the Altman Act, and that there is now pending a plan of reorganization providing for the opening of the trust company on an unrestricted basis. Mr. Dillistin also inclosed in his letter, a copy of a letter dated July 9, 1934, from Mr. George Compton, Supervisor of Bank Liquidations and Reorganizations of the State of New Jersey, in which Mr. Compton states that in his opinion the Altman Act deals only with deposit liabilities, and that the officers of the bank still have control of its affairs while operating under this emergency measure.

"Mr. Dillistin's letter also contained a copy of a letter, dated July 11, 1934, from Mr. Compton, stating that the supervision exercised by the Department of Banking and Insurance was
"to see that all creditors are afforded the same treatment, and to see that the Altman Act is respected in all its phases. Mr. Compton also stated in his letter of July 11, 1934, that the control of the assets of the Mechanics Trust Company is still vested with the officials of the trust company.

"Upon the basis of the information contained in Mr. Dillistin's letter, it appears that the Mechanics Trust Company is a holding company affiliate of the national bank, and that no further steps can be taken by the Board with respect to the reduction of capital stock of the national bank until the Mechanics Trust Company files an application, in the manner outlined in the Board's Regulation P, for a voting permit under Section 5144 of the Revised Statutes of the United States, as amended, and until such a voting permit is obtained. It will be appreciated if you will advise The Mechanics' National Bank of Bayonne accordingly."

Approved.

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

"Receipt is acknowledged of your letter of June 29, 1934, re-submitting and recommending approval of a reduction in common capital stock of the 'Princeton Bank and Trust Company', Princeton, New Jersey, from $300,000 to $150,000, in accordance with a plan which provides for the sale at par to the Reconstruction Finance Corporation of $300,000 par value preferred stock, and provides also for the use of the released capital in eliminating a corresponding amount of undesirable assets.

"Since it appears from the information submitted that the entire amount of the reduction in common capital is to be used to eliminate substandard assets from the bank and will effect a material improvement in its condition, and since the Board's consent to the reduction in capital is not required by law or the conditions under which the bank was admitted to membership, the Board offers no objection to the reduction in capital in the amount indicated or to the sale of preferred stock with the understanding, of course, that your counsel is satisfied as to its legal aspects and that the transaction has the approval of the New Jersey State Banking Department. In this connection, the Board would like to be furnished with a copy of any amendments to the bank's charter which may be adopted in connection with the transaction.

"It has been noted from the report of examination as of April 3, 1934, that the subject bank had a substantial investment
"in corporate stocks. Under the provisions of Section 5 (c) of the Banking Act of 1933, approved June 16, 1933, State member banks may not legally purchase stock in other corporations after that date, except in the limited classes of cases in which national banks may lawfully do so, and, as indicated by the condition of membership prescribed by the Board for some time, the Board does not feel that stocks are suitable for the investment of funds of commercial banking institutions. It is requested that you advise the bank of the Board's views in this connection and that you suggest that the management consider the advisability of disposing of the stocks it now holds as soon as it is feasible to do so.

"It has been noted also that the bank was paying interest on the accounts of the Princeton Savings Bank and the Trustees of Princeton University, which are deposits payable on demand, and that your examiner questioned the payment of interest on other accounts, said to be savings accounts, which are in the names of the Trenton Trust Company and the Trustees of Princeton University since they did not appear to him to be 'funds accumulated for bona fide thrift purposes' within the meaning of the Board's Regulation Q. It is requested that you advise the bank that it may not lawfully pay interest on the above mentioned demand accounts, and that you satisfy yourself in regard to the true character of the above savings accounts as instructed in the Board's letter X-7890, dated May 8, 1934, and advise the bank accordingly.

"It will be appreciated if you will keep the Board advised as to the progress made in completing the plan of recapitalization, the elimination of the estimated losses, and as to the corrections effected in the other matters referred to in this letter."

Approved.

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

"Receipt is acknowledged of Acting Comptroller Awalt's memorandum dated July 15, 1934, with reference to the proposed reduction in common capital of 'The First National Bank of Michigan City', Michigan City, Indiana, from $125,000 to $62,500, which reduction was approved by the Board on January 10, 1934, pursuant to a plan which provided, among other things, that $61,600 be made available by a local cash contribution for use in eliminating substandard assets."
"Mr. Awalt advises that shareholders have purchased $49,700 of undesirable assets but that further correction by the shareholders appears impossible at this time.

"In accordance with Mr. Awalt's recommendation, the Board amends its previous approval of the proposed plan for reduction in common capital so as to provide for the purchase of $49,700 of undesirable assets, in lieu of a voluntary cash contribution of $61,600 as contemplated, with the understanding that the other provisions of the original plan remain unchanged.

"In considering the amended plan under which the reduction in common capital is to be effected it is noted that, based on the report of examination made January 22, 1934, there will remain in the bank a substantial amount of doubtful assets and depreciation in securities. It is assumed, however, that you have this condition in mind and that appropriate steps will be taken to effect further corrections at such time as may be practicable."

Approved.

Telegram to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, stating that the Board has given consideration to the application of the "Chartiers Trust Company", McKees Rocks, Pennsylvania, for a voting permit under the authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The First National Bank of McKees Rocks", McKees Rocks, Pennsylvania, and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

"That in the light of the circumstances as they now exist the Federal Reserve Agent at the Federal Reserve Bank of Cleveland shall approve the issuance of the limited voting permit hereby authorized."

and for the following purpose:

"At any time prior to October 1, 1934, to act upon a proposal to place said bank in voluntary liquidation and to take such steps as may be necessary to effect such liquidation."
The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Chartiers Trust Company, a limited voting permit in accordance with the telegram.

Approved.

Letter dated July 23, 1934, approved by three members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"The manuscript of the proposed pamphlet on 'The Exercise of Fiduciary Powers by National Banks' which accompanied Mr. Getty's letter of May 2, 1934, has been reviewed by members of the Board's staff, and the information and instructions contained therein are regarded in general as being adequate and satisfactory. While a few suggestions for minor changes or corrections are attached hereto, no attempt has been made to edit or revise the text in any way.

"It occurs to us here that, in discussing the proper investment of trust funds, you may wish to include a paragraph in regard to the collective investment of trust funds through the purchase of participation certificates in 'mortgage pools'. In this connection, you may wish to refer to the principles stated in two rulings of the Board on the subject that are contained in the March 1933 issue, Volume 19, pages 187, 188, of the Federal Reserve Bulletin."

Approved.

Letter to Mr. George F. Kem, Trust Officer of The Winters National Bank and Trust Company, Dayton, Ohio, reading as follows:

"This is in reply to your letter of March 22, 1934, which was addressed to the Comptroller of the Currency and which has been referred to the Federal Reserve Board. You refer to the section of the Banking Act of 1933, amending Section 9 of the Federal Reserve Act, which permits a mutual savings bank having no capital stock or any other banking institution, the capital of which consists of weekly or other time deposits which are segregated from all other deposits and are regarded as capital stock for the purpose of taxation and the declaration of dividends, to apply for admission to the Federal Reserve System provided that it has surplus and undivided profits not less..."
in amount than the capital required for the organization of a national bank in the same place. You requested advice as to whether a banking institution having capital consisting of weekly or other time deposits of the kind referred to above may count the amount of such deposits as surplus in meeting the admission requirements of the statute. It is regretted that the pressure of other matters has prevented an earlier reply to your letter.

"The Federal Reserve Board has not had occasion to rule on the question you present, but it appears that in this connection the provisions of section 9 of the Federal Reserve Act make a distinction between deposits which are segregated from other deposits and are regarded as capital stock for the purposes of taxation and declaration of dividends, and the surplus and undivided profits required under the provisions of the law in connection with admission to membership in the Federal Reserve System. It would, therefore, seem that under the law deposits of the kind just described may not be treated as surplus in determining whether the bank has sufficient surplus and undivided profits to make it eligible for membership in the Federal Reserve System.

"Any future determination of the Board will necessarily depend upon and be confined to the particular facts of a specific case, but it is hoped that the foregoing general statement may be of assistance to you."

Approved.

Letter dated July 23, 1934, approved by three members of the Board,

to Mr. M. G. Wallace, Counsel for the Federal Reserve Bank of Richmond,

reading as follows:

"This refers to your letter of July 11, 1934, with enclosures, in regard to whether the private printing plant operated by the Federal Reserve Bank of Richmond is subject to the provisions of the Code of Fair Competition for the Graphic Arts Industries.

"An Assistant Counsel to the Board discussed the matter with Mr. Maurice Pasch, Assistant to Deputy Administrator John E. Williams of Division 7 of the National Recovery Administration, and set forth the bank's position in this matter. Mr. Pasch agreed that the bank's position is entirely proper and stated that he would advise the Richmond Typothetæ, Inc., that the ruling contained in Mr. Williams' letter of June 26 had reference to national banks and State banks which are members of the Federal Reserve
"System, that it is not applicable to a Federal reserve bank, and that the private printing plant operated by the Federal Reserve Bank of Richmond is not subject to the provisions of the Code of Fair Competition for the Graphic Arts Industries. "It is believed, however, that it is desirable that the Federal Reserve Bank of Richmond should consider the advisability of conforming to the wage and hour provisions of such code in so far as it is practicable to do so, and the Board has no objection to the Federal Reserve Bank's conforming to such provisions."

Approved.

Telegram dated July 21, 1934, approved by three members of the Board, to Mr. Stewart, Assistant Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Referring your July 14 telegram, the amount of interest on capital notes and debentures as shown above Section 1 and against item 12-h in Section 2 of earnings and dividends reports on Form 107 of State bank members should in every case represent the amount of such interest actually paid during the six-month period. If, however, a bank accrues such interest or sets aside an amount for the purpose, the amount thus accrued or reserved should be shown separately following item 12-a against the caption 'Reserved for interest on capital notes and debentures' and when used to make payments should be shown following item 10-a as 'Withdrawn from reserve for interest on capital notes and debentures'. In condition reports on Form 105 any amount accrued and unpaid or reserved for this purpose should be shown separately among 'Other liabilities'."

Approved.

Letter dated July 21, 1934, approved by three members of the Board, to Governor Geery of the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of July 12, 1934, with which you inclosed a copy of a letter to you dated July 11, 1934, from Mr. K. E. Humphrey, Treasurer of General Mills, Inc., Minneapolis, Minnesota. Your letter requests a ruling by the Board upon the question whether the contemplated practice of General Mills, Inc., outlined in Mr. Humphrey's letter, would
"be contrary to the letter or spirit of Section 21(a) of the Banking Act of 1933, which, among other things, prohibits corporations from accepting deposits unless they shall submit to periodic examination by the Comptroller of the Currency or by the Federal reserve bank of their district, and make and publish periodic reports of condition.

"It will be observed that Section 21(a) provides for a penalty of fine or imprisonment, or both, for violation of its provisions, and for that reason, questions arising under the section would appear to fall within the jurisdiction of the Department of Justice. In these circumstances, an expression of opinion by the Federal Reserve Board on the question whether a certain practice or transaction is within the purview of the statute would not afford protection from criminal prosecution if the Department of Justice, upon consideration of the matter, should take the position that the practice or transaction was within the statute, and should feel it necessary to prosecute for a violation of the section.

"Accordingly, the Board believes that it would not be appropriate for it to undertake to express an opinion upon the question whether the contemplated practice of General Mills, Inc., constitutes a violation of Section 21(a), and you may so advise the corporation. Reference is made to a ruling of the Board upon a somewhat similar question published at page 41 of the Federal Reserve Bulletin for January, 1934."

Approved.

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

"Reference is made to your letter of May 16, 1934, inclosing a letter dated May 10, 1934, addressed to you by Mr. Thomas N. Perkins in response to Mr. McRae's letter of March 16, 1934, and a copy of a letter dated May 8, 1934, from Mr. James H. Orr, President of the Railway and Light Securities Company to Mr. Perkins, all regarding inquiries by Mr. Perkins and Mr. Roger Pierce, President, The New England Trust Company, Boston, Massachusetts, on the question whether Railway and Light Securities Company is an organization 'engaged primarily in the business of purchasing, selling, or negotiating securities' within the meaning of Section 32 of the Banking Act of 1933.

"It appears that Railway and Light Securities Company is an investment trust. According to the last mentioned letter, it has neither engaged in underwriting issues of securities nor participated in underwriting of issues in which closely related firms are interested, the company being active in purchasing and selling securities only as an incident to the profitable employment of its funds. The company states that during periods of
"rapidly changing business conditions, such as has recently been the case, its activity in purchasing and selling has been greater than normally would be the case, but declares that in no event is it interested in trading or short time positions of a speculative nature.

"It is also stated that except in connection with an issue of its own stock to acquire the assets of another investment corporation in 1930, the Railway and Light Securities Company has not, since its incorporation in 1928, been a party to any agreement involving distribution or sale of securities through underwriting syndicates or through dealers in securities; that it is not now a party to any such agreement, and that it is not engaged in the distribution or sale of its own securities to the public.

"From data submitted it appears that the total sale price of securities sold by the corporation during the period 1929 to 1933, inclusive, bears proportion to its total assets as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of securities sold to total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>31%</td>
</tr>
<tr>
<td>1930</td>
<td>28%</td>
</tr>
<tr>
<td>1931</td>
<td>9%</td>
</tr>
<tr>
<td>1932</td>
<td>11%</td>
</tr>
<tr>
<td>1933</td>
<td>24%</td>
</tr>
</tbody>
</table>

"During the same period the proportion of the value of securities purchased to its total assets during each respective year is shown to be:

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of securities purchased to total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>37%</td>
</tr>
<tr>
<td>1930</td>
<td>44%</td>
</tr>
<tr>
<td>1931</td>
<td>19%</td>
</tr>
<tr>
<td>1932</td>
<td>12%</td>
</tr>
<tr>
<td>1933</td>
<td>17%</td>
</tr>
</tbody>
</table>

"The proportion of profit derived from the sale of securities during the five years above mentioned is shown to be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Proportion of gross profit derived from the sale of securities to the total gross profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>75%</td>
</tr>
<tr>
<td>1930</td>
<td>25%</td>
</tr>
<tr>
<td>1931</td>
<td>8%</td>
</tr>
<tr>
<td>1932</td>
<td>loss</td>
</tr>
<tr>
<td>1933</td>
<td>loss</td>
</tr>
</tbody>
</table>

"It is stated that at the end of the year 1933, 63.12% of the company's portfolio had been held for two years or more, and at the same time 12.35% had been held for periods of less than six months. An examination of its investment list shows the company's
investment to be distributed among approximately 150 different issues of bonds, notes, preferred and common stocks, most of which appear to be listed for trading on various exchanges.

On the basis of the foregoing information the Board believes that Railway and Light Securities Company should not be regarded as engaged primarily in the business of purchasing, selling or negotiating securities within the scope of Section 32 and that a permit under that section covering service to that company and to a member bank is not necessary. In the circumstances unless there are other facts which you believe should be brought to the attention of the Board it is suggested that you notify Mr. Perkins and Mr. Pierce accordingly.

"It is noted that the company's comparative balance sheet as of June 30, 1933 shows that it has outstanding a large amount of its own stocks and bonds and that among its assets are certain reacquired Railway and Light Securities Co. bonds. In the event that the company subsequently seeks to dispose of these reacquired securities or to engage in the further sale of its own stocks or bonds, such activity may be deemed to be 'selling or negotiating securities' within the meaning of Section 32 and make necessary permits under that section for the continuance of service to that company and to a member bank and it is assumed that you, with the assistance of your counsel, would determine whether such activity brought the Railway and Light Securities Co. within the scope of the section. Should the company commence such business, or any other business which might bring it within the provisions of Section 32 and you or your counsel deem it advisable to submit to the Board for a ruling the question whether its activities come within the meaning of that section the Board will, of course, be glad to pass upon the question. However, if such a ruling is desired, the Board would like to have a full and definite statement of the facts together with an expression of your views on the question whether Section 32 is applicable to the relationship."

Approved.

Letters to the following applicants for permits under section 32 of the Banking Act of 1933; each letter stating that, on the basis of the information submitted, the dealer in securities involved appears to be "engaged primarily in the business of purchasing, selling, or negotiating securities" within the intendment of section 32 notwithstanding the fact that the amount of the firm's securities business may have been less by volume than other types of business carried on by it; that, in the
circumstances, the relationship covered by the application appears to come within the class which the Board believes section 32 was designed to terminate; and that it is therefore unable to find that it would not be incompatible with the public interest, as declared by 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. Gustav P. Heller, for permission to serve at the same time as a director of The Dover Trust Company, Dover, New Jersey, and as Manager of L. F. Rothschild & Co., Newark Branch Office, Newark, New Jersey.

Mr. Leonard A. Hookstader, for permission to serve at the same time as a director of The County Trust Company, White Plains, New York, and as a general partner of L. F. Rothschild & Co., New York, New York.

Mr. Louis F. Rothschild, for permission to serve at the same time as a director of the Lawyers County Trust Company and as a general partner of L. F. Rothschild & Co., both of New York, New York.

Approved.

Letter to the following applicant for a permit under section 32 of the Banking Act of 1933, the letter stating that, on the basis of the information submitted, the dealer in securities involved appears to be "engaged primarily in the business of purchasing, selling, or negotiating securities" within the meaning of section 32, notwithstanding the fact that the profit derived by the firm from that type of business is less than its profit from other types of business carried on by the firm; that, in the circumstances, the relationship covered by the application appears to come within the class which the Board believes section 32 was designed to terminate; and that it is therefore unable
to find that it would not be incompatible with the public interest, as declared by 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. Jas. D. Winsor, Jr., for permission to serve at the same time as a director of the Fidelity-Philadelphia Trust Company, and as a partner of Biddle, Whelen & Co., both of Philadelphia, Pennsylvania.

Approved.

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

"This refers to the applications of Messrs. W. T. Reed, Blythe W. Branch, DeSoto Fitzgerald, John M. Miller, Jr., James T. Sloan, and Bradford H. Walker under Section 32 of the Banking Act of 1933 for permits to serve as directors of the First & Merchants National Bank of Richmond and of the Dominion Securities Corporation, both of Richmond, Virginia.

"It has been noted that, in answer to Question No. 2 of F.R.B. Form 99a, the applicants describe the general nature of the business of the Dominion Securities Corporation as follows: 'Investment Trust. Buys and sells for own account'.

"It has also been noted that, in answer to Question No. 7 of F.R.B. Form 99d, you state:

"'It would not be incompatible with the public interest to grant the permit applied for, as the Dominion Securities Corporation is an investment trust which buys and sells securities for its own account, and does not deal with the public. The only dealings between the two institutions is that the bank acts as depository for the corporation. Both institutions are strong financially and well managed.'

"In a letter dated June 27, 1934, addressed to Mr. Fry, additional information concerning the business of the corporation was furnished by Mr. R. T. Marsh, Jr., Assistant Treasurer of the Dominion Securities Corporation. Schedule No. 1, enclosed in Mr. Marsh's letter, shows that the total assets of the corporation, during each of the last five years, were as follows:
"Schedule No. 1 also shows that, during the same period, the purchase price of securities acquired by the corporation bears the following ratio to its total assets:

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent of purchase price to total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>167.0%</td>
</tr>
<tr>
<td>1930</td>
<td>54.3%</td>
</tr>
<tr>
<td>1931</td>
<td>24.7%</td>
</tr>
<tr>
<td>1932</td>
<td>3.1%</td>
</tr>
<tr>
<td>1933</td>
<td>18.2%</td>
</tr>
</tbody>
</table>

"Schedule No. 2 shows that, during each of the last five years, the total sale price of securities sold by the corporation bears the following ratio to its total assets:

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent of sale price to total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>91.0%</td>
</tr>
<tr>
<td>1930</td>
<td>59.6%</td>
</tr>
<tr>
<td>1931</td>
<td>19.3%</td>
</tr>
<tr>
<td>1932</td>
<td>5.0%</td>
</tr>
<tr>
<td>1933</td>
<td>19.1%</td>
</tr>
</tbody>
</table>

"Schedule No. 3 shows that the profit derived from the sale of securities during each of the last five years bears the following ratio to the total income of the corporation:

<table>
<thead>
<tr>
<th>Year</th>
<th>Per cent of profit on securities sold to total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929</td>
<td>10.8%</td>
</tr>
<tr>
<td>1930</td>
<td>--</td>
</tr>
<tr>
<td>1931</td>
<td>--</td>
</tr>
<tr>
<td>1932</td>
<td>--</td>
</tr>
<tr>
<td>1933</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

"Schedule No. 5 shows the proportions of the corporation's portfolio and the periods during which such proportions had been held prior to June 1, 1934, to be as follows:

- Held less than 6 months prior to June 1, 1934 - - 11.5%
- Held more than 6 months but less than 12 months prior to June 1, 1934 - - - - - - - 12.5%
- Held more than 12 months but less than 18 months prior to June 1, 1934 - - - - - - - 2.6%
- Held more than 18 months but less than 24 months prior to June 1, 1934 - - - - - - - - - .9%
- Held more than 24 months but less than 36 months prior to June 1, 1934 - - - - - - - - - - - 4.4%
- Held 36 months or more prior to June 1, 1934 -- 68.1%
"Schedule No. 6 contains the statement that, during the years 1929, 1930, and 1931, the Dominion Securities Corporation purchased securities from banking houses or brokers at some concession from the public offering price but that, in each case, the corporation took the securities for its own account and paid cash therefor. The statement is also made that in no case were such securities sold by the corporation to the public, and that the corporation has never engaged in distributing securities to the public. Schedule No. 6 also contains the statement that the corporation has not engaged in any pool operations on any stock exchanges, nor bought securities on margin, nor engaged in any short selling.

"In an interview with a member of the Board's staff, on June 18, 1934, Mr. Marsh stated that the Dominion Securities Corporation was formed in February of 1928 with a capital stock of $1,100,000 which was sold for $147 per share by private subscription, and that none of it was offered to the public. In 1930 the capital stock was increased to $5,000,000, the additional shares being sold at $157 per share and also by means of private subscription. The shares were purchased for cash, and due to the premium above the $100 par value, a paid-in surplus of $1,600,000 was obtained. No shares or other securities have ever been offered to the public and the entire 30,000 shares of the capital stock are now held by 140 stockholders. The company has not traded in its own stock, except in one instance in 1930 in which it purchased 300 shares from one stockholder who was in financial difficulties. These 300 shares are now held as treasury stock.

"On the basis of the above information and the other information contained in the applications and schedules, it appears that the Dominion Securities Corporation is an investment corporation engaged in the business of investing its own funds in securities, and that it is not 'engaged primarily in the business of purchasing, selling, or negotiating securities' within the meaning of Section 32 of the Banking Act of 1933. The Board is therefore of the opinion that no permit under Section 32 is required in connection with the relationships covered by these applications; and, unless there are other facts which you believe should be called to the attention of the Board, it will be appreciated if you will notify the applicants accordingly."

Approved.

Letter to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:
"In connection with the application of Mr. J. D. O'Keefe, pursuant to the provisions of the Clayton Act, for permission to serve at the same time as director and officer of the Whitney National Bank of New Orleans, New Orleans, Louisiana, and as director of the New Orleans Branch of the Federal Reserve Bank of Atlanta, it is noted that Mr. O'Keefe is a director of the Downing Company, which the applicant states makes advances to turpentine operators which are occasionally secured by stocks or bonds. As you know, Section 8A of the Clayton Act would prohibit Mr. O'Keefe's service as a director of the New Orleans Branch of the Federal Reserve Bank of Atlanta and as director and officer of the Whitney National Bank if the Downing Company should make loans secured by stock or bond collateral after the effective date of that section. In this connection, reference is made to the Board's letters of November 10, 1933 (X-7677) and December 10, 1933 (X-7721). You are accordingly requested to ascertain and advise the Board whether The Downing Company is making any new loans of that character.

"In his application, Mr. O'Keefe states that he is a director of the New Orleans Loan Agency of the Reconstruction Finance Corporation. However, it is understood that he is not a director but is a member of the Advisory Committee of that Agency and that he serves in that capacity without compensation. If this is so, it would seem that he should not be regarded as either a 'director, officer or employee' of that corporation, but you are requested to advise the Board specifically with respect to his status.

"The duplicate copy of Mr. O'Keefe's application is being returned to you herewith."

Approved.

Letter dated July 21, 1934, approved by three members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to Assistant Federal Reserve Agent Young's letter of July 2, 1934, inclosing a copy of a joint letter dated June 29, 1934, from The Merchants National Bank of Muncie and The Merchants Trust and Savings Company, both of Muncie, Indiana, submitting additional information relative to the Clayton Act application of Mr. Karl A. Cesterle, Muncie, Indiana, which was disapproved by the Board on the grounds set forth in its letter to you of June 22, 1934.

"The Board has given consideration to the additional facts submitted, in accordance with Section V (g) of Regulation L, but still feels that it would be incompatible with
"the public interest to grant the permit applied for and you
are requested to advise the applicant of the Board's decision
in the matter.

"In order that its file on this case may be complete,
please ascertain and advise the Board as to what steps Mr.
Oesterle proposes to take in order to comply with the pro-
visions of the Clayton Act."

Approved.

Letter dated July 21, 1934, approved by three members of the Board,
to Mr. Stevans, Federal Reserve Agent at the Federal Reserve Bank of Chicago,
reading as follows:

"Reference is made to the Clayton Act application of Mr.
Judson T. Stone to serve as director of the Continental Illinois
National Bank and Trust Company of Chicago, Chicago, Illinois
and as director of the Wilmette State Bank, Wilmette, Illinois.
It is noted from the application that Mr. Stone is also serving
as director of the Chicago Title and Trust Company, Chicago,
Illinois. You state in answer to question numbered 17 on F. R. B.
Form 94b that you have given careful thought with respect to the
service of Mr. Stone with the trust company and the banks involved,
stating that the trust company is not a banking institution in the
accepted term and that the moneys advanced on stock and bond
collateral are moneys of trusts, the affairs of which are being
administered by the trust company in the capacity of trustee or
administrator, and because of such fact you believe that the
applicant is not rendering a service as director of a corpora-
tion, other than the banks covered by his application, which
makes loans secured by stock or bond collateral.

"The Board has given careful consideration to the ques-
tion raised in the application of Mr. Stone and to your state-
ments with respect thereto and is of the opinion that the making
of loans on the security of stock or bond collateral by the
trust company through the use of funds of trusts of which it is
trustee or administrator is the making of loans secured by stock
or bond collateral within the meaning of Section 8A. The mere
fact that the trust company does not have beneficial interest
in the funds so used although it does have legal title is not
sufficient in itself to create an exception to the statute
particularly in view of the broad language used therein.

"It is noted, however, that the applicant is serving only
two banking institutions, and in view of the provisions of
Section 8 of the Clayton Act, wherein the Board has authority
to issue a permit covering the service of a director, officer
or employee of not more than three banks, banking associations,
"or trust companies, it is suggested that you request Mr. Stone to include in his application his service as director of the Chicago Title and Trust Company, submitting a statement from the trust company on F. R. B. Form 94a. Further action on the application of Mr. Stone will be held in abeyance pending further advice from you."

Approved.

Letters dated July 21, 1934, approved by three members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, referring to the following applications for permits under the Clayton Act, and stating, in each case, that, upon the basis of the information before it, the Board feels that the issuance of the permit applied for would be incompatible with the public interest. 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. E. C. Bertram, for permission to serve at the same time as a director and officer of The First National Bank of Peterson, Peterson, Iowa, and as a director of The Home State Bank, Royal, Iowa.

Mr. David A. Crawford, for permission to serve at the same time as a director of the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as a director of the Harris Trust and Savings Bank, Chicago, Illinois, and as a director of the Pullman Trust and Savings Bank, Chicago, Illinois.

Approved.

Letters dated July 21, 1934, approved by three members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, referring to the following applications for permits under the Clayton Act, and stating, in each case, that, upon the basis
of the information before it, the Board feels that the issuance of the per-
mit applied for would be incompatible with the public interest. Each letter
also requested the agent to communicate to the applicant the Board's posi-
tion 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. U. J. Pfiffner, for permission to serve at the same time
as a director of The Martin County National Bank of Fairmont,
Fairmont, Minnesota, as a director of The Sherburn National
Bank, Sherburn, Minnesota, and as a director of The Truman
National Bank, Truman, Minnesota.

Mr. DeForrest Ward, for permission to serve at the same time
as a director of The Martin County National Bank of Fairmont,
Fairmont, Minnesota, as a director of The Blue Earth Valley
National Bank of Winnebago, Winnebago, Minnesota, and as a
director of The Sherburn National Bank, Sherburn, Minnesota.

Approved.

Letters dated July 23, 1934, approved by three members of the
Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank
of Kansas City, referring to the following applications for permits under
the Clayton Act, and stating, in each case, that, upon the basis of the
information before it, the Board feels that the issuance of the permit
applied for would be incompatible with the public interest. Each letter
also requested the agent to communicate to the applicant the Board's posi-
tion 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. C. E. Jones, for permission to serve at the same time as a director of The First National Bank of Plattsburg, Plattsburg, Missouri, and as a director of the Bank of Osborn, Osborn, Missouri.

Mr. H. R. Riley, for permission to serve at the same time as an officer and director of The First National Bank of Plattsburg, Plattsburg, Missouri, and as an officer and director of the Bank of Osborn, Osborn, Missouri.

Approved.

Letter dated July 21, 1934, approved by three members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. H. R. Hollis, for permission to serve at the same time as a director and officer of The Peoples National Bank of Rowlesburg, Rowlesburg, West Virginia, and as a director of The First National Bank of Terra Alta, Terra Alta, West Virginia.

Approved, together with a letter, also dated July 21, 1934, and approved by three members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"There is inclosed for your files, a copy of the Clayton Act permit issued to Mr. H. R. Hollis, Rowlesburg, West Virginia, to serve as a director and officer of The Peoples National Bank of Rowlesburg, Rowlesburg, West Virginia, and as a director of The First National Bank of Terra Alta, Terra Alta, West Virginia,

"In considering Mr. Hollis' application it was noted that in a recent report of examination the national bank examiner reported that the Rowlesburg bank had engaged in trading in speculative bonds and that it had a weak board of directors which was too much under the domination of the applicant. It was noted also from the information furnished that the applicant had attended only 3 of the 45 directors' meetings of the Terra Alta bank held during the past two years. The Board feels that a satisfactory attendance at directors' meetings is necessary for the proper discharge of directors' duties, and it is with the expectation that the applicant will attend satisfactorily the directors' meetings of both banks that the Board has granted the permit. When you submit your recommendations, as a result of your annual review of this permit, the Board requests that
"you report fully as to the progress made in the correction of criticized matters and as to the attendance of Mr. Hollis at directors' meetings."

Letter dated July 21, 1934, approved by three members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. William B. Storey, for permission to serve at the same time as a director of the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, and as a director of the Personal Loan & Savings Bank, Chicago, Illinois.

Approved, together with a letter, also dated July 21, 1934, and approved by three members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"There is inclosed for your files a copy of the Clayton Act permit issued by the Board to Mr. William B. Storey, of Chicago, Illinois, to serve as director of Continental Illinois National Bank and Trust Company of Chicago and as director of the Personal Loan & Savings Bank, both of Chicago, Illinois.

"In considering Mr. Storey's application it was noted that he had served as a director of the national bank and its predecessors for many years, and appears to share in the responsibility for the unsatisfactory policies pursued which resulted in the charge-off of $200,000,000 in losses over a period of 10 or 11 years. It was also noted that the applicant is 76 years of age and has had a poor attendance record at directors' meetings of the two banks involved.

"However, since the applicant was retained on the board of the national bank when it was recently reduced to 25 members to conform to the Banking Act of 1933, at which time it was also strengthened by the addition of several new members, it is apparent that the bank considers his services desirable.

"In view of these circumstances, the Board felt that it would be preferable to grant the permit but it suggests that you discuss these matters with the applicant and the national bank in an endeavor to bring about a correction of those matters which caused the Board to be reluctant to issue this permit. The Board also desires that when you submit your recommendations as a result of your annual review of this permit, you report fully as to the progress made in bringing about an improvement in these matters."
"For your confidential information there is inclosed a copy of the memorandum prepared by the Division of Examinations in this case."

Letter dated July 21, 1934, approved by three members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. C. E. Landin, for permission to serve at the same time as an officer of The Martin County National Bank of Fairmont, Fairmont, Minnesota, as a director and officer of The Sherburn National Bank, Sherburn, Minnesota, and as a director and officer of the Farmers State Bank of Monterey, Monterey, Minnesota.

Approved, together with a letter, also dated July 21, 1934, and approved by three members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"There is inclosed for your files a copy of the Clayton Act permit issued by the Board to Mr. C. E. Landin of Sherburn, Minnesota, to serve as officer of The Martin County National Bank of Fairmont, Fairmont, as director and officer of The Sherburn National Bank, Sherburn, and as director and officer of Farmers State Bank of Monterey, Monterey, all of Minnesota.

"As you have been advised in separate letters, the applications of Messrs. DeForrest Ward and U. J. Pfifner to serve the Sherburn, Sherburn, and other banks have been disapproved.

"The latest available reports of examination of The Martin County National Bank at Fairmont and The Sherburn National Bank reflect an exceedingly unsatisfactory condition. In acting upon Mr. Landin's application, however, the Board has given consideration to the information furnished by your office to the effect that he has good judgment, possesses much ability, is considered the best qualified of the group which handles the interests of the A. L. Ward estate, which controls the two banks, that his influence is helpful to the banks involved, and that the difficulties of the institutions are not attributable to him.

"It is suggested, however, that you endeavor in cooperation with the chief national bank examiner of your district to bring about a strengthening in the management of the Fairmont and Sherburn banks and a correction of the matters criticized by the examiner. When you submit your recommendations, as a
"result of your annual review of this permit, the Board requests that you report fully as to the progress made in bringing about an improvement in the management and condition of these banks."

Letters dated July 21, 1934, approved by three members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. M. C. Remington, for permission to serve at the same time as a director of The First National Bank of Peterson, Peterson, Iowa, and as a director and officer of The Home State Bank, Royal, Iowa.

Mr. Willoughby G. Walling, for permission to serve at the same time as a director of the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, and as a director and officer of the Personal Loan & Savings Bank, Chicago, Illinois.

Mr. Chas. W. Barker, for permission to serve at the same time as a director of The First National Bank of Henning, Henning, Minnesota, and as a director of the First National Bank in Deer Creek, Deer Creek, Minnesota.

Mr. H. G. Dahl, for permission to serve at the same time as a director and officer of the Farmers State Bank, Carlisle, Minnesota, and as a director and officer of the Fergus Falls National Bank and Trust Company, Fergus Falls, Minnesota.

Mr. Ole Harstad, for permission to serve at the same time as a director and officer of the American National Bank and Trust Company, Eau Claire, Wisconsin, and as a director of the Bark River State Bank, Bark River, Michigan.

Mr. Guy Ford, for permission to serve at the same time as a director and officer of The First National Bank of Sayre, Sayre, Oklahoma, as a director and officer of The First National Bank of Carter, Carter, Oklahoma, and as a director and officer of the First National Bank in Granite, Granite, Oklahoma.

Mr. H. C. Ford, for permission to serve at the same time as a director and officer of The First National Bank in Granite, Granite, Oklahoma, and as a director and officer of The First State Bank, Willow, Oklahoma.
Letters dated July 23, 1934, approved by three members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mrs. Florence T. Gannaway, for permission to serve at the same time as a director of the First National Bank of Erick, Erick, Oklahoma, and as a director of The First National Bank of Clinton, Clinton, Oklahoma.

Mr. W. O. Hood, for permission to serve at the same time as a director and officer of the Guaranty State Bank, Texola, Oklahoma, and as a director of the First National Bank of Erick, Erick, Oklahoma.

Mr. J. C. MacKenzie, for permission to serve at the same time as a director and officer of The First National Bank of Carter, Carter, Oklahoma, as a director of the First National Bank in Granite, Granite, Oklahoma, and as a director and officer of The First State Bank, Willow, Oklahoma.

Mr. A. L. Thurmond, for permission to serve at the same time as a director and officer of The First National Bank of Elk City, Elk City, Oklahoma, as a director and officer of The First National Bank of Leedey, Leedey, Oklahoma, and as a director and officer of The First State Bank, Foss, Oklahoma.

Mr. E. K. Thurmond, for permission to serve at the same time as director of The First National Bank and Trust Company of Oklahoma City, Oklahoma City, Oklahoma, as a director and officer of The First National Bank of Sayre, Sayre, Oklahoma, and as a director and officer of The First National Bank of Carter, Carter, Oklahoma.

Mr. J. P. Thurmond, for permission to serve at the same time as director and officer of The First National Bank of Elk City, Elk City, Oklahoma, as a director and officer of The First National Bank of Hammon, Hammon, Oklahoma, and as a director and officer of The First National Bank of Leedey, Leedey, Oklahoma.

Mr. O. H. Thurmond, for permission to serve at the same time as a director and officer of the First National Bank of Erick, Erick, Oklahoma, as a director of The First National Bank of Sayre, Sayre, Oklahoma, and as a director of The First National Bank of Elk City, Elk City, Oklahoma.

Approved.
Mr. Arthur Curtiss James, for permission to serve at the same time as trustee of the United States Trust Company of New York, New York, New York, and as a director of The First National Bank of the City of New York, New York, New York.

Mr. T. U. Dudley, for permission to serve at the same time as a director and officer of The Middleburg National Bank, Middleburg, Virginia, and as a director of The Fauquier National Bank of Warrenton, Warrenton, Virginia.

Mr. John Barton Payne, for permission to serve at the same time as a director of The Washington Loan and Trust Company, Washington, D.C., and as a director of The Fauquier National Bank of Warrenton, Warrenton, Virginia.

Approved.

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

Mr. Ernest Q. Johnson, for permission to serve at the same time as a director and officer of the Citizens Trust Company of Canonsburg, Canonsburg, Pennsylvania, and as a director of The First National Bank of Houston, Houston, Pennsylvania.

Mr. Clarence J. Strouss, for permission to serve at the same time as a director of The Union National Bank of Youngstown, Youngstown, Ohio, and as a director and officer of the Morris Plan Bank, Youngstown, Ohio.

Mr. R. L. Baldwin, for permission to serve at the same time as a director and officer of The Citizens National Bank of Durham, Durham, North Carolina, and as a director and officer of the Morris Plan Industrial Bank, Durham, North Carolina.

Mr. A. R. McDermott, for permission to serve at the same time as a director of the Helena branch of the Federal Reserve Bank of Minneapolis, Helena, Montana, and as a director and officer of The Montana National Bank of Billings, Billings, Montana.

Approved.

In this connection, the letter to Mr. McDermott, referred to above, stated that the Clayton Act permit issued to him does not include his
services as a director and officer of the Scandinavian American Bank, Big Timber, Montana, and that the provisions of the Clayton Act do not appear to apply to the services of an official of a bank in liquidation which makes no loans.

There was then presented the following application for a change in stock of a Federal reserve bank:

Application for ADDITIONAL Stock: Shares
District No. 9.
The First National Bank of Braham, Braham, Minnesota. 6 6

Approved.

Thereupon the meeting adjourned.

Approved:

Chairman, Executive Committee.

Secretary.