

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Tuesday, July 31, 1934, at 11:00 a. m.

PRESENT: Mr. Thomas, Chairman of the Executive Committee
Mr. Hamlin
Mr. James
Mr. Szymczak

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

The Committee considered and acted upon the following matters:

Telegram dated July 28, 1934, approved by two members of the Board, to Governor Fancher of the Federal Reserve Bank of Cleveland, reading as follows:

"Your telegram July 27. Board approves for your bank, effective immediately, commitment rate on industrial advances of 1/2% to 2% per annum, in place of rate of 1/2% to 1% per annum approved by Board on July 9, 1934."

Approved.

Letter dated July 26, 1934, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegram dated July 27, 1934, from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, both advising that, at meetings of the boards of directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memoranda dated July 26, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending that the temporary employment of Miss Claire C. Atkins, Miss Helene L. Kearney, and Miss Frederica

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G. Ritter, as stenographers in the division, be extended for an additional thirty days, at the same rates of compensation as their original employment. The recommendations were approved by two members of the Board on July 27, 1934.

Approved.

Telegram dated July 27, 1934, approved by three members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, stating that, subject to the conditions prescribed in the telegram, the Board approves the application of "The Phoenix Savings Bank & Trust Company", Phoenix, Arizona, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco.

Approved.

Two telegrams dated July 28, 1934, approved by two members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, each stating that, subject to the conditions prescribed in the telegram, the Board approves the applications of "The Bank of Spanish Fork", Spanish Fork, Utah, and "The First State Bank of Kellogg", Kellogg, Idaho, respectively, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco.

Approved.

Telegram dated July 30, 1934, approved by two members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, referring to the application of the "Shamokin

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"Banking and Trust Company", Shamokin, Pennsylvania, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months' notice of intention to withdraw and that, accordingly, upon surrender of the Federal reserve bank stock issued to the Shamokin Banking and Trust Company, the Federal Reserve Bank of Philadelphia is authorized to cancel such stock and make a refund thereon.

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Receipt is acknowledged of Mr. Fletcher's letter of July 20, 1934, which is in reference to the Board's letter of May 12, 1934, advising of an extension of time to July 15, 1934, within which 'The Marengo Banking Company', Marengo, Ohio, may comply with the provisions of condition of membership numbered 17, which provides that the bank shall, within three months from the date of its admission, reduce all excessive loans to amounts within the limits prescribed by the laws of the State of Ohio. It is noted that all of the bank's loans have been reduced to amounts within legal limits except the line of C. B. Smith; that the attempt to refinance this loan through the Federal Land Bank has not as yet been successful, although negotiations are still pending; that the bank's available capital funds are inadequate to permit the elimination of the loan through charge off without imposing a hardship on the institution; and that the bank has requested a further extension of time within which it may reduce the loan to an amount within legal limits.

"In view of all of the circumstances, the Board grants an extension of time to September 1, 1934, within which 'The Marengo Banking Company' may comply with the provisions of condition of membership numbered 17, and it is requested that you advise the bank accordingly."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve

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Bank of Minneapolis, reading as follows:

"Reference is made to your letter of July 12, 1934, transmitting the request of the 'State Bank of Belle Plaine', Belle Plaine, Minnesota, for permission to invest approximately \$6,500 in making repairs and additions to its banking quarters.

"In view of your recommendation and the fact that the investment of such an amount does not appear to be unduly large or improper or otherwise violate the spirit or purpose of condition numbered 8 prescribed in connection with the bank's application for membership, the Board interposes no objection to such investment in an amount not to exceed \$6,500, and it is requested that you advise the bank accordingly.

"It is suggested that you acquaint the bank with the Board's views which are known to your office with respect to making adequate provision for depreciation in banking quarters owned."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Receipt is acknowledged of your letter of July 18, 1934, in regard to the activities of the International Trust Company, Denver, Colorado, in connection with the purchase and sale of securities.

"It does not appear that such activities are in violation of the Federal Reserve Act or the Banking Act of 1933 or that it is necessary for the Board or the Federal Reserve Bank of Kansas City to take any action at this time in respect thereto."

Approved.

Letter dated July 28, 1934, approved by two members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Reference is made to your letter of July 6, 1934, with its inclosures, regarding your discussions with the management of The Del Rio Bank and Trust Company, Del Rio, Texas, relative to the charge-off or elimination of estimated losses as shown in the report of examination of the bank as of March 28, 1934. Estimated losses as classified by your examiner amount to approximately \$24,900, and agree substantially with the total of losses classified by the State examiner in his report of examination as

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"of the same date, whereas on the date of examination the bank had no surplus account and undivided profits of only \$1,500. You report that the State banking department has taken the position that it will not require the bank to eliminate its losses, provided it sells at least \$50,000 capital debentures to the Reconstruction Finance Corporation. It is understood that the Reconstruction Finance Corporation has agreed to purchase debentures in that amount. Mr. Evans' letter of June 25, 1934, to the bank stated that the Federal Reserve Board had taken the position that a member bank's published statements should reflect its true condition, and that all losses should promptly be eliminated, and requested the bank, therefore, to eliminate the losses estimated in the report of examination. Mr. Evans further stated that it would be satisfactory to the reserve bank for The Del Rio Bank and Trust Company to eliminate the losses by any one of the following methods:

1. Through an assessment upon, or a voluntary contribution by, the stockholders.
2. Through an outright purchase by the stockholders of the assets classed as losses.
3. Through a reduction of capital stock, after the sale of at least an equal amount of debentures to the Reconstruction Finance Corporation.

"In your letter of July 6, 1934, you state that you are of the opinion that certain stockholders of the bank are financially able to remove the bank's losses through a voluntary contribution, and recommend that they be called upon to do so, but request an expression of the Board's views as to whether or not you should insist upon this course of action.

"Capital notes or debentures issued to the Reconstruction Finance Corporation are not a reserve for losses, but are obligations of the bank subordinated to the claims of depositors and other creditors. Such capital notes or debentures are issued in States where the Reconstruction Finance Corporation cannot extend aid through the purchase of preferred stock. In States where preferred stock is issued, a customary procedure is to issue sufficient preferred stock to provide an adequate amount of net sound capital and then provide for the elimination of losses through a reduction in common stock. It is not believed that, because State laws do not make it possible for the Reconstruction Finance Corporation to purchase preferred stock thus necessitating that capital aid extended by the Reconstruction Finance Corporation be in the form of capital notes or debentures, the banks in that State should be permitted to carry losses in their assets, thus reflecting an inflated capital position.

"The Board has consistently taken the position that estimated losses should promptly be charged off or otherwise eliminated, and that a bank's published statements should reflect the true condition of the bank. If the State banking department does not permit a reduction in the common capital stock, and if the losses

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"are not eliminated by purchase, contribution, or assessment, the bank, in order to show a true statement of condition, should charge off the estimated losses, and the bank's books would therefore truly reflect the impairment existing in its capital stock.

"In answer to your specific question as to whether you should insist upon the elimination of the losses through a voluntary contribution, the Board feels that it is proper for you to insist that the losses be eliminated, but that the method of elimination is a matter for determination by the directors of the bank, provided the elimination is accomplished in a satisfactory manner.

"The principles set forth in this letter are applicable to other banks in similar situations, and in this connection reference is made to your several letters of July 12, 1934, regarding various banks which have not been required by the State banking department to charge off estimated losses inasmuch as capital notes or debentures sold to the Reconstruction Finance Corporation are considered by the State banking department as reserves for losses.

"The financial statements inclosed with your letter of July 6, 1934, are returned herewith."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to the Board's letter of March 7, 1933, in regard to the application of The Barnstable County National Bank of Hyannis, Hyannis, Massachusetts, for permission to exercise fiduciary powers.

"The Board has been advised by the Comptroller's office that a new report of examination of The Barnstable County National Bank of Hyannis has just been received, in which the examiner makes the following comment:

'In regard to application on file for permission to establish a trust department the directors feel that at present it is of minor importance and that it would be better to devote all their time towards getting the bank on a firmer basis before taking on new responsibilities.'

"In view of the foregoing information the Board will close its files in this matter. In the event the bank later desires to obtain authority to exercise trust powers a new application should be submitted."

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Letter dated July 30, 1934, approved by two members of the Board, to "The County National Bank at Clearfield", Clearfield, Pennsylvania, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you authority 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 Pennsylvania, 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 July 26, 1934, approved by three members of the Board, to the "National Bank of Monticello", Monticello, Illinois, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, guardian of estates, and committee of estates of lunatics, 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 fiduciary powers granted by the Board. A formal certificate covering such authorization will be forwarded to you in due course.

"The Board feels that, if you are tendered any of the trusts now held by the First National Bank of Monticello, you should carefully scrutinize their condition and should not accept any of such trusts which, through their assumption, may be detrimental to the interests of your institution."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve

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Bank of Kansas City, reading as follows:

"Reference is made to your letters of June 2 and July 18, 1934, in regard to the application of 'The Central National Bank of Columbus', Columbus, Nebraska, for full fiduciary powers.

"The Board has reviewed the application and the data in connection therewith, from which it appears that the bank's capital and surplus is only equal to approximately 6-1/2 per cent of its deposit liabilities and that its surplus is but 10 per cent of its capital as compared with the minimum of 20 per cent which it has been the usual practice of the Board to require of banks receiving trust powers. While it is noted that the applicant bank is in a highly liquid condition, the Board feels that its capital structure is inadequate, as compared with the volume of deposits, and should be materially strengthened before the bank is permitted to assume the additional responsibilities of a trust department.

"Your letter of July 18, 1934 states that the bank has advised you that no further consideration should be given to its application in case favorable action thereon is dependent upon an increase in the capital at this time. The Board will, therefore, treat the pending application as being withdrawn by the applicant bank and will close its file in the matter. Please advise the bank accordingly."

Approved.

Letter dated July 26, 1934, approved by three members of the Board, 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 Newman', Newman, Georgia, from \$250,000 to \$125,000, pursuant to a plan which provides for the use of the released capital together with a portion of the bank's undivided profits account in eliminating unsatisfactory assets in an amount not less than \$135,000, which assets, together with assets which have previously been charged off are to be trusteeed for the shareholders, all as set forth in Mr. Awalt's letter of July 13, 1934. The Board's approval is given with the understanding that the assets selected for elimination have the approval of your office."

Approved.

Letter dated July 30, 1934, approved by two members of the

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Board, 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 Citizens National Bank of Decatur', Decatur, Illinois, from \$250,000 to \$100,000, pursuant to a plan which provides that the released capital shall be used to eliminate approximately \$134,000 of unsatisfactory assets and to increase the surplus account by approximately \$16,000, all as set forth in Mr. Awalt's memorandum of July 16, 1934."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with Acting Comptroller Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank in Tonkawa', Tonkawa, Oklahoma, from \$35,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$20,000 Class 'A' preferred stock to the Reconstruction Finance Corporation and \$17,500 Class 'B' preferred stock locally, and that the released capital shall be used to eliminate a corresponding amount of unsatisfactory assets, all as set forth in Mr. Awalt's memorandum of July 18, 1934.

"In considering the plan under which the proposed reduction is to be effected it was noted that the aggregate amount of depreciation unprovided for will seriously impair the bank's common capital, even after giving consideration to the fact that security values have improved since the date of examination, and that in addition there will remain substantial amounts of assets classified as slow or doubtful by your examiner. It was noted also that the management of the subject bank was regarded as unsatisfactory by your examiner. It is assumed, however, that you have these conditions in mind and that whenever it becomes feasible to do so you will obtain such further corrections as may be practicable."

Approved.

Telegram dated July 28, 1934, approved by two members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve

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Bank of Atlanta, reading as follows:

"Retel July 26, 1934 regarding United Realty Company and Nashville Trust Company voting permits. In view of facts set forth in your telegram of July 26, 1934, the Board's ANCIGAR telegrams of July 25, 1934 are hereby amended to exclude paragraph '2' of section 'C'."

Approved.

Letter dated July 27, 1934, approved by three members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"There is inclosed herewith a copy of a letter from Mr. Arthur Watson, 55 West 42nd Street, New York, New York, requesting certain information with respect to a proposed application by the Tropical City Ice Company, Inc. for a loan under the provisions of section 13b of the Federal Reserve Act.

"You will note that the Tropical City Ice Company, Inc., while organized under the laws of the State of New York operates its plant at Ponce, Puerto Rico. Section 13b authorizes a Federal reserve bank to make loans thereunder only to 'an established industrial or commercial business located in its district'; and it is, therefore, the view of the Federal Reserve Board that no such loans may be made by a Federal reserve bank to businesses not located in any Federal reserve district, but located outside of the continental United States. Accordingly, it will be appreciated if you will ascertain whether the Tropical City Ice Company, Inc., is a business not located in any Federal reserve district and, if such is the case, it is requested that you advise Mr. Watson that a loan may not be made to that company under the terms of section 13b. If after consideration of this matter with your counsel you are in doubt as to whether the Tropical City Ice Company, Inc. is a business located in any Federal reserve district and you feel that the case is one upon which it is advisable to have an expression from the Federal Reserve Board, the Board will be glad to consider the question if you will submit all pertinent information together with an opinion of the counsel for your bank with respect thereto."

Approved.

Letter dated July 28, 1934, approved by two members of the Board, to Mr. Logan, Deputy Governor and General Counsel of the Federal Reserve Bank of New York, reading as follows:

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"Receipt is acknowledged of your telegram of July 26, 1934, advising that the Directors of the Federal Reserve Bank of New York have authorized and requested you as General Counsel of the bank to consult with Honorable Newton D. Baker concerning certain legal questions in connection with the agreement proposed by the Secretary of the Treasury with the bank regarding payments which the Secretary is authorized to make to the bank under Section 13b of the Federal Reserve Act; that you have been in correspondence with Mr. Baker and he was in New York and conferred with you and with certain of your directors and other officers, and that, in view of the Board's letter of February 15, 1926 (X-4531), the Federal Reserve Bank of New York will request the Board's approval of the payment of Mr. Baker's fee should it exceed \$1,000. In this connection, your attention is invited to the fact that the Board in its letter of February 15, 1926, requested that, before employing a special attorney whose services are likely to involve an expenditure by the Federal reserve bank in excess of \$1,000, the matter be submitted to the Federal Reserve Board with a request that the Board approve of the payment of compensation to him up to a stated amount."

Approved.

Telegram dated July 27, 1934, approved by two members of the Board, to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Your wire July 26. Referring your first question which is understood to relate to transaction in which financing institution advances at least 20 per cent of working capital and Federal Reserve Bank the remainder as contemplated by first proviso of paragraph b of section 13b, there is in Board's opinion no legal objection to Federal Reserve Bank selling to such financing institution obligation evidencing amount reserve bank has advanced provided such sale is without recourse to reserve bank on such obligation. Also no legal objection to Federal Reserve Bank then making a commitment to discount or purchase entire amount of the original loan from financing institution at a later date provided, of course, financing institution obligates itself for at least 20 per cent of any loss thereon as required by law. Referring your second question, no legal objection to Federal Reserve Bank selling without recourse to financing institution entire amount of obligation discounted for or purchased from such institution or to Federal Reserve Bank then making a commitment again to discount or purchase such obligation provided financing institution obligates itself for at least 20 per cent of any loss thereon as required by law. Advisability of any such action on part of Federal Reserve Bank is question for consideration of directors

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"and officers of your bank."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Thomas R. Dwyer, President of The First National Bank and Trust Company of Rochester, New York, reading as follows:

"This refers to your letter of July 11, 1934, inclosing a copy of a Demand served upon your bank by Mr. Martin Moll, Trustee in Bankruptcy of the Meng and Shafer Company, Inc., demanding that you treat an account standing in his name as Trustee in Bankruptcy as an interest-bearing savings account. You state that it is your understanding that the funds in such account are the proceeds of the liquidation of Meng and Shafer Company, Inc., and that it does not appear to you that the funds in question are funds accumulated for bona fide thrift purposes within the meaning of the definition of savings deposits contained in Section V(a) of the Federal Reserve Board's Regulation Q.

"From the information which you have submitted, it does not appear that the deposit in question consists of funds accumulated for bona fide thrift purposes, and, if not, it may not properly be classified as a savings deposit for the purpose of paying interest thereon. However, the Board believes that the question whether deposits may be considered funds accumulated for bona fide thrift purposes so as to constitute savings deposits within the meaning of the regulation is one upon which no general rule can be prescribed and that each case must necessarily be determined upon the basis of its particular facts. The Board also feels that questions as to whether deposits may be regarded as funds accumulated for bona fide thrift purposes should be considered by the member banks in the exercise of their best judgment and in the light of the provisions of the law and the regulation and that it would not be practicable for the Federal Reserve Board to undertake to determine such questions as they may arise in individual cases with member banks when deposits are offered to them. However, the Board has set forth in the inclosed statement some of the considerations which it feels may possibly enter into a determination of the question whether deposits constitute savings deposits within the meaning of Regulation Q. It is hoped that the general statements set forth therein may be of assistance to you in classifying the deposits in question.

"In the event you have not already done so, you may wish to consider suggesting to Mr. Moll the possibility of converting the deposit in question into a time deposit as defined in Regulation Q which is payable more than thirty days after date or with respect to which thirty days' notice in writing of intended with-

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"drawals is required. If this were done, of course, interest might be paid on the deposit in accordance with the provisions of the regulation."

Approved.

Letter dated July 26, 1934, approved by three members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"Receipt is acknowledged of your letter of July 6, 1934, inclosing a copy of an opinion by your counsel to the effect that the payment by the First National Bank of Birdsboro, Pennsylvania, of the premium on a surety bond furnished to secure a deposit payable on demand made with that bank by the directors of a school district would constitute a payment of interest on such deposits in violation of the provisions of section 19 of the Federal Reserve Act which prohibits the payment of interest by a member bank, directly or indirectly, on any deposit which is payable on demand. This opinion was rendered in response to a request contained in the Board's letter of March 22, 1934, with which was inclosed a copy of a letter from the First National Bank, Birdsboro, Pennsylvania, dated February 19, 1934.

"Upon the basis of the information submitted, the Federal Reserve Board finds no reason to differ with the opinion expressed by counsel for your bank with respect to the matter; and, accordingly, it will be appreciated if you will advise the member bank in reply to its inquiry on the subject in accordance with his conclusions. In this connection, it is assumed that your counsel has given or will give consideration to the question whether these deposits may be deposits of public funds made by or on behalf of any State, county, school district or other subdivision or municipality with respect to which payment of interest is required under State law and, therefore, excepted from the prohibition of section 19 of the Federal Reserve Act upon the payment of interest on deposits payable on demand."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"This refers to your letter of June 28, 1934, in regard to whether the solicitation by a national bank of savings accounts is in violation of the provisions of the Board's regulations. It

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"is assumed that you refer to the Board's Regulation Q, relating to the payment of interest on deposits.

"The Board understands that the bank in question has engaged a firm of solicitors whose representatives make a house to house canvass of prospective depositors, explain the services of the bank to such persons, and attempt to induce such persons to purchase an electric clock or other article for the price of \$4.00. The representatives provide each such purchaser with a card instructing him to go to the bank and open a savings account, and, if the balance in any such account which may be opened is \$50 or more one year from the date of its opening, the bank credits to such account an amount equivalent to the purchase price paid by the depositor to the solicitor for the article. In addition to such credit, the bank also pays interest on the account at the regular rate.

"Although the Federal Reserve Board feels that the solicitation of accounts by a member bank in the manner described is an undesirable practice and that such buying of business should be discouraged, it does not appear that such practice is in violation of the provisions of section 19 of the Federal Reserve Act or of the Board's regulations relating to the payment of interest on deposits. Since the donation made by the bank is a fixed amount and does not vary with or bear a substantially direct relation to the amount of the depositor's balance, it is believed that the solicitation of accounts in the manner described does not involve an indirect payment of interest within the prohibition of said section 19 or of the Board's Regulation Q."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. C. L. McDonough, Cashier of The National Bank of Claysville, Claysville, Pennsylvania, reading as follows:

"Your letter of June 8, 1934, addressed to the Comptroller of the Currency, regarding the renewal of matured certificates of deposit has been referred to the Federal Reserve Board for reply.

"It is understood that in view of the fact that many of the customers of your bank are unable to get into town on the exact date of the maturities of their certificates of deposit, you wish to be advised whether you may lawfully renew a certificate of deposit prior to its maturity, dating the new certificate as of the date of maturity of the original certificate. It is noted that you state that all certificates presented after maturity are renewed as of the date presented, and that interest is paid only to the date of maturity of the original certificate.

"Upon the basis of the information submitted it appears that

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"the practice which you suggest involves merely the making of a new contract of deposit with respect to the funds in question which is to take effect on the date of maturity of the original certificate and that no part of the funds evidenced by the original certificate is withdrawn until the maturity of the renewal certificate. There is no provision of law which would preclude the adoption of this procedure and the Federal Reserve Board has no objection thereto."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. George R. Craig, Pittsburgh, Pennsylvania, reading as follows:

"Receipt is acknowledged of your letter of July 5, 1934, in which you state that the regulations of a national bank which apply to savings deposits provide, among other things, that 'The last interest which has been credited to the account may be withdrawn at any time without notice, upon presentation of the pass book', and that, 'If interest is not withdrawn, it will be credited to the account and compounded, regardless of whether or not the pass book shall have been presented for entry therein'. You request to be advised whether the payment of interest on the part of a savings account which represents interest credited on such account at the expiration of the last preceding interest period is lawful.

"If the part of the savings account which represents interest previously credited on the account conforms to the definition of a 'savings deposit' which is contained in the Board's Regulation Q, interest may lawfully be paid thereon, even though the bank permits the withdrawal of such part of the account on demand. However, one of the essential attributes of a 'savings deposit' is that the 'depositor is required, or may at any time be required, by the bank to give notice in writing of an intended withdrawal not less than 30 days before a withdrawal is made'. In view of that requirement, the payment of interest on a portion of a savings deposit for any period during which such portion is subject to payment on demand comes within the prohibition of the law against the payment of interest on any deposit payable on demand.

"Applying such principles to the instant case, it does not appear that a depositor is required to give, or that the bank reserves the right to require, notice of intended withdrawal of not less than 30 days in respect to the part of the account which represents the last interest credited thereto, and if the amount representing the last interest credited to the account may be withdrawn on demand, the payment of interest thereon for the

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"period during which it is so subject to repayment would constitute a payment of interest on a 'deposit payable on demand' and would be unlawful."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Wallace, Counsel for the Federal Reserve Bank of Richmond, reading as follows:

"This refers to your letter of June 5, 1934, addressed to the Board's General Counsel, inclosing a copy of a letter written by you to the First National Bank of Holly Hill, South Carolina, with respect to the payment of interest on deposits of funds held by the county treasurers of South Carolina as sinking funds for various school districts.

"It is noted that you have advised the member bank that the deposits in question could not be treated as savings deposits but that they might be accepted either as time deposits, open accounts, or as time certificates of deposit, and that, if so accepted, interest might be paid on such deposits at a rate not exceeding 3% as provided in Regulation Q. You also advised the bank that, in your opinion, the payment of interest on such funds is required under the law of South Carolina and that, therefore, such funds may be accepted as demand deposits and that interest may lawfully be paid thereon. It is understood, however, that you wish to be advised of the Board's view with respect to the question whether the payment of interest is required under State law with respect to the funds in question.

"It appears that Section 5365 of the Code of Laws of South Carolina for 1932, which you cite in your letter to the bank, requires the treasurers of the counties in which the school districts are situated to deposit all money in their hands belonging to the sinking funds of the various school districts in their counties in some saving institution or bank approved by the Board of Trustees of the school district 'at the best rate of interest that can be obtained * * * and the said treasurers shall, at the direction of the Board of Trustees, change the place of deposit at any time: Provided, that in making such deposit preference shall be given to a bank, or banks, located within the township or county, in which such school district is situate.' It is understood that there is no other provision in the State statutes relating to the payment of interest on such funds. After consideration of this question on the assumption that the deposits in question consist of public funds of the school districts, the Board finds no reason to differ from the conclusion reached by you that the payment of interest on deposits of sinking funds of school districts in South Carolina is required under the law of

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"that State, and that, therefore, interest may lawfully be paid by a member bank on such deposits, even though the deposits are payable on demand."

Approved.

Letter dated July 28, 1934, approved by two members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"This refers to the memorandum from Mr. F. G. Awalt, dated July 16, 1934, in regard to whether a certain deposit in the Union National Bank of Marquette, Michigan, may properly be classified as a 'savings deposit' within the meaning of Regulation Q.

"From the facts submitted it would appear that the deposit in question consists of funds of a business enterprise which are temporarily idle and that such deposit comes within the principle set forth in the second sentence of the fifth paragraph of the Board's letter to the Comptroller under date of April 28, 1934, relative to the administration of the requirements of Regulation Q in respect to savings deposits. However, there may be other facts which are unknown to the Board and which would justify a different conclusion, and the Board feels that the information submitted is not adequate to enable it to determine the question at this time.

"The question whether such deposit may be properly classified as a savings deposit is a doubtful one, and, consequently, if the funds were deposited as a savings account in good faith and not in an attempt to evade the prohibition of the statute against the payment of interest on deposits payable on demand, the Board will not object to the payment of interest on such account until such time as the Bank may be notified that the deposit may not be so classified. It is assumed, of course, that the deposit complies in all respects with the requirements of Regulation Q applicable to savings deposits, with the possible exception that it may not consist of funds accumulated for bona fide thrift purposes.

"Inasmuch as an examiner ordinarily has an intimate knowledge of the situations existing in his particular jurisdiction, it is felt that he is usually in a better position to pass upon close questions of this kind, which depend upon a full understanding of all the facts of the case, than the Federal Reserve Board would be in acting upon a brief and perhaps inadequate statement of facts. Accordingly, it would seem desirable that the examiners give careful consideration to questions which may arise in the examination of banks as to whether funds are accumulated for bona fide thrift purposes, in the light of the Board's Regulation Q and the principles stated in the Board's letter of April 28, 1934, referred to above."

Approved.

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Letter dated July 30, 1934, approved by two members of the Board, to Mr. Awalt, Deputy Comptroller of the Currency, reading as follows:

"This refers to your memorandum of July 23, 1934, in regard to whether certain deposits made by The Northwestern Loan and Trust Company in the Brown National Bank of Kenosha, Wisconsin, may be properly classified as 'time deposits, open accounts'.

"Although the exact meaning of the written contract evidencing such deposits is not entirely clear, it appears that the agreement is in the form of a continuing contract covering deposits made from time to time, from which withdrawals are permitted from time to time. It is understood that it is the intent of the agreement that no deposit made under such agreement may be withdrawn prior to the expiration of a period of thirty days from the date the deposit is made; that in the event withdrawal is not made of a particular deposit at the end of the thirty day period from the date of such deposit, such funds shall be considered as having been redeposited for another thirty day period, and likewise redeposited for each and every thirty day period thereafter until withdrawal is made; and that no deposit may be withdrawn except at the expiration of a period of thirty days, or multiples thereof, after the date of such deposit.

"If the foregoing interpretation of the agreement is proper, it is the view of the Board that deposits withdrawable only at the times and under the conditions stated may be classified as time deposits on which interest may be paid in accordance with the provisions of the Board's Regulation Q. However, it is felt that it may be advisable to revise the agreement so as to clarify its intent and indicate clearly that deposits made thereunder are subject to withdrawal at the times and under the conditions stated."

Approved.

Letter dated July 26, 1934, approved by three members of the Board, to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, reading as follows:

"Your letter of June 23, 1934, to Mr. Hamlin with reference to the Board's letter X-7848a, dated April 4, 1934, regarding the policy to be followed with respect to the charge-off or elimination of depreciation in securities as shown in the reports of examination of State member banks has been carefully considered by the Board.

"While the charge-offs outlined in the Board's letter are

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"greater than have been prescribed as a rule for national banks in current operation and by some State Banking Departments, particularly the Pennsylvania Banking Department, they are the same as those prescribed for the admission of State banks to membership, and they are not greater than those frequently prescribed in connection with the reorganization, rehabilitation, or reopening of national banks or in connection with the conversion of State banks into national banks. In fact, in many of these cases the Comptroller of the Currency requires the elimination of practically all criticized items. The Board feels that the policy set forth in its letter is sound and that, while it would be desirable for all banks, member and non-member, to be subject to the same requirements regarding charge-off or elimination of estimated losses and depreciation, the Board's primary responsibility is for State member banks and that it is fair to prescribe for them the same standards prescribed for State banks for admission to membership in the system. This point has been the subject of certain correspondence in the past in which the Board has taken the position that whenever possible it will endeavor to bring about the observance of similar standards by existing members. In carrying out that policy, for example, in connection with voting permits to holding company affiliates the Board ordinarily prescribes as a condition that the subsidiary banks shall make charge-offs corresponding to those required for admission of State banks to the system.

"It is recognized that in some cases the Federal reserve agents will meet special situations which will require diplomacy and tact and that it may not be practicable in all cases to obtain full compliance with the Board's policy outlined in the Board's letter X-7848a. For these reasons the letter did not prescribe that the standards outlined must be met in all cases without deviation, but stated rather a general policy which it is desired shall be followed as far as possible. It is hoped, nevertheless, that the various Federal reserve agents will use every effort, diplomatically, tactfully, and yet earnestly, to have the State member banks in their districts follow this policy which is believed to be sound and which will result in the published statements of conditions of the banks reflecting more nearly the true condition of their assets."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. Hoxton, Chairman of the Federal Reserve Bank of Richmond, reading as follows:

"The Board has reviewed the report of examination of the Federal Reserve Bank of Richmond made as at the close of business

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"April 28, 1934, copies of which were left with you and Governor Seay.

"On page 12 of the report the examiner calls attention to a circular sent by the Reserve Bank on March 5, 1934, to all member banks in the district advising them that your Executive Committee had decided that it would be desirable to have future borrowings from the Reserve Bank made in the form of the member banks' own notes secured by eligible paper and requesting that member banks make their future borrowings in that form rather than in the form of rediscounted notes. It will be appreciated if you will advise the Board with respect to the present requirements regarding the use of member banks' collateral notes and as to the reaction of the member banks to the Reserve Bank's circular of March 5, 1934.

"After the report and this letter have received the consideration of the board of directors of the Federal Reserve Bank, the Board would appreciate advice from you as to what action has been taken or will be taken on the various matters discussed."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"Receipt is acknowledged of your letter of July 9, 1934, together with the correspondence attached thereto, in regard to the question whether a national bank may lawfully make charges in excess of the limit fixed in the first paragraph of section 13 of the Federal Reserve Act for collecting checks drawn on out-of-town banks.

"In a letter under date of February 12, 1927, the Federal Reserve Board expressed the view that 'national banks have the right to make reasonable charges not to exceed 10¢ per hundred dollars or a fraction thereof for the collection or payment of checks, the only limitation being that no such charge shall be made against a Federal reserve bank'. Subsequently, in a case in which it appeared that certain member banks were in the practice of making charges in excess of 10¢ per \$100 or fraction thereof for cashing out-of-town checks when presented by non-depositors, the Board ruled that 'Under the express terms of Section 13 of the Federal Reserve Act, a member bank may not in any case make a charge in excess of 10¢ per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for the collection or payment of checks', and that 'the Federal Reserve Board is not authorized to permit member banks to make charges in excess of that amount'.

"As indicated in such rulings, it is the view of the Board that the law limits the amount of charges which may be made by a

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"national bank for the collection of checks drawn on other banks. However, when checks handled for collection are drawn on non-par banks, any exchange charge which may be made by the drawee bank for the payment of a check need not be included when computing the charge which may be made by the collecting bank under the provisions of law to which reference has been made, since such an exchange charge cannot properly be considered a charge made by the collecting bank."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to the Attorney General of the United States, reading as follows:

"There is inclosed herewith an excerpt from a letter received by the Federal Reserve Board from the Assistant Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, which raises the question whether a person authorized to engage in the business of receiving deposits, but not now engaged in accepting any deposits, is required by section 21(a) (2) of the Banking Act of 1933 to submit to periodic examination and to make and publish periodic reports of condition.

"It is the view of the Federal Reserve Board that said section 21(a) (2) does not embrace a person who has not been engaged, since June 16, 1934, 'in the business of receiving deposits subject to check or to repayment upon presentation of a passbook, certificate of deposit, or other evidence of debt, or upon request of the depositor', even though such person was engaged in such business prior to that date. Consequently, the Board feels that the fact that a person is authorized to engage in such a business is not sufficient to bring such person within the scope of the provisions under discussion, and that the person who is the subject of this inquiry and who is not presently engaged in the business of receiving deposits is not required to submit to examination and to make and publish reports of condition.

"However, since an expression of opinion by the Board would not prevent a prosecution for violation of such provisions if your Department should take a view contrary to that expressed above, it will be appreciated if you will advise the Board whether you concur in its construction of the provisions of said section 21(a) (2), and whether it is necessary for Spiridion Furcich of Steelton, Pennsylvania, to submit to examination and to make and publish periodic reports of condition so long as such person does not accept deposits of the kind referred to in said section 21(a) (2)."

Approved.

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Letter dated July 27, 1934, approved by three members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of July 3, 1934, concerning the scope of examinations to be made of private banks or bankers under the provisions of Section 21 of the Banking Act of 1933. You state that in many instances private bankers who have expressed a preference to be examined by the Federal Reserve Bank are engaged in other agricultural, mercantile, or manufacturing activities, and that, while they probably attempt to segregate the assets pertaining to their banking operations, the laws of the State of Georgia are such that, in case of insolvency, all assets would be pooled for the benefit of all creditors, and the depositors, therefore, would have no lien on the so-called banking assets. In the circumstances, you request instructions as to whether the examinations should cover all assets and liabilities of the private banker, or only those pertaining to the banking operations.

"The Board is advised that the laws of the State of New York require every private banker to invest in the business permanent capital in stipulated amounts, and provide for the segregation of such capital and of deposits received and the assets acquired through the investment of such funds, and, further, that the assets so acquired will be first available to satisfy the claims of depositors. Similar laws are said to be in force in Connecticut, and, perhaps, other States. Where such laws exist, it would appear that the examinations required under the provisions of Section 21 of the Banking Act of 1933 should be confined to the banking operations of the private banker, whether or not he has other assets and liabilities. Where the banking assets of the private banker, however, are available to satisfy the claims of any and all creditors, and in the event of insolvency unsecured depositors would be on an equal footing with other general creditors, it would appear that, in addition to an examination of the assets and liabilities arising from the banking operations, the examination should include such investigation of other assets and liabilities as is necessary to determine the true condition of the bank.

"In the Board's letter of June 26, 1934 (X-7936) it was stated that inasmuch as, under the terms of Section 21, all reports of condition are to be made and published at the same times and in the same manner and with like effect and penalties as are now provided by law in respect of national banking associations transacting business in the same locality, such reports of condition, in all cases, and without regard to the authority which may make the examinations referred to in Section 21, should be

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"made to the Comptroller of the Currency and published in the same manner as reports of condition of national banks. In the circumstances, it is within the power of the Comptroller of the Currency to prescribe the form of such reports. Presumably, the purpose of examinations under the terms of the section is to determine the true condition of the bank, verify the accuracy of such reports of condition as may be made, and disclose any irregularities that may be subject to penalty. Therefore, the matter has been discussed with the office of the Comptroller of the Currency to ascertain the Comptroller's requirements with respect to the form of the report of condition by private bankers, and with a view to the adoption of reasonably uniform procedure in the examinations conducted by the Comptroller of the Currency and the examiners for the Federal Reserve banks under the terms of Section 21.

"In connection with the call for reports of condition as of June 30, 1934, the Comptroller forwarded to private bankers the same form (Form 2130 - Call No. 340) that was forwarded to national banks. This form includes the items 'Other assets' and 'Other liabilities' and provides for the itemization of such assets and liabilities under schedules 'M' and 'N' which are not a part of the statement to be published. It is probable that a letter of instructions will be forwarded to private bankers by the Comptroller at the time of the next call for reports of condition, advising them that they should list under the item 'Other assets' all assets other than those pertaining directly to banking operations, and under the item 'Other liabilities' all liabilities other than those pertaining directly to banking operations. Some provision may also be made to provide for a statement of the outside worth of partners in cases involving partnership. The form for reports of condition is revised from time to time, and, of course, the Comptroller may find it necessary or desirable to revise the general form or to prepare a special form for reports of private bankers in connection with future calls.

"The Comptroller of the Currency concurs in the Board's opinion that examinations under the terms of Section 21, where depositors are on the same footing as other general creditors, should include an examination of the assets and liabilities pertaining to the banking operations of the private banker in the same manner and to the same extent as if an examination were being made of a national bank or a State member bank, and that the examiner should conduct such further investigations or examination as may be necessary to satisfy himself as to the accuracy of any statements made with respect to other assets and the soundness of the values represented thereby, or the extent of other liabilities of the private banker.

"As stated, the Comptroller of the Currency may find it necessary or desirable to prescribe special forms for reports of condition of private bankers, and, likewise, future experience may indicate the necessity for more detailed and exhaustive

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"examinations. In any event, all examinations under Section 21 of the Banking Act of 1933 should be conducted with the fact in mind that the interests of depositors are inextricably intermingled with those of all other creditors wherever such interests are not specifically segregated by law."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. H. B. Ward, Cashier of the National Bank of Flint, Flint, Michigan, reading as follows:

"This refers to your letters of June 1 and June 27, 1934, regarding the necessity of depositing in the trust department of your bank securities approved by the Federal Reserve Board to secure a certain savings deposit in such bank. You state that after such deposit was made the depositor requested the trust department to act as agent for him in the handling of certain affairs, but that the trust department has no authority except to act as agent solely under the instructions of the principal.

"Section 11(k) of the Federal Reserve Act provides in part that '* * * Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.' Sub-section (b) of Section VIII of the Federal Reserve Board's Regulation F provides that funds received or held in the trust department of a national bank awaiting investment or distribution may be deposited in the commercial department or savings department of the bank to the credit of the trust department, provided the bank first delivers to the trust department certain kinds of securities as collateral.

"It will be noted that these provisions of the Act and of the Board's regulation apply only to trust funds 'awaiting investment or distribution'. It is understood that the funds held in the savings department of your bank were deposited therein prior to the appointment of the trust department as agent for the depositor, and, if the agreement between the depositor and the trust department provides that such funds shall continue to be invested in the savings department until the depositor directs otherwise, it would appear that such funds should not be regarded as trust funds awaiting investment or distribution within the meaning of the provisions of Section 11(k) of the Federal Reserve Act or of the Board's Regulation F and that your bank is not required to deposit United States bonds or other securities in its trust department to secure such funds.

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"Your statement that the bank holds in its possession the pass book evidencing the deposit referred to raises the question whether the retention by the bank of the pass book comes within the scope of the inclosed ruling by the Board in which the view is expressed that a deposit in respect to which the pass book or other form of receipt is retained by a bank or by an officer, employee, or agent thereof, rather than by the depositor, does not comply with the requirements of Regulation Q in respect to savings deposits. However, the information which you have submitted is not sufficient to enable the Board definitely to determine the question at this time. Consequently, if you desire the Board to consider whether the retention of the pass book in the situation to which you refer is permissible under the law and the Board's regulations, it is requested that you furnish the Board with copies of all documents evidencing the agreement between the bank and the depositor, and submit such other information as may be pertinent to the inquiry. If so desired, names and amounts may be omitted from copies of any documents furnished to the Board."

Approved.

Letter dated July 26, 1934, approved by three members of the Board, to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Reference is made to your letter of July 17, 1934, regarding examinations of State member banks in connection with the required certification to the Federal Deposit Insurance Corporation and requesting authorization to make such examinations commencing October 1, 1934.

"The Board feels that reports of examination made as of October 1, 1934, or subsequent thereto, may properly be used as a basis for certification in connection with applications of State member banks for the purchase of stock in the Federal Deposit Insurance Corporation prior to July 1, 1935, provided, of course, such reports indicate that a thorough examination has been made and fairly represent the condition of the banks at the time of certification. Before making final recommendations with regard to certification, therefore, it will be expected that you will review the reports of any examinations made prior to January 1, 1935, for the purpose of determining whether, since the date of examination, there has been any change in the condition of the bank which would render the question of certification doubtful. In case of doubt, either as to whether the condition of the bank as reflected in the report of examination warrants certification to the Federal Deposit Insurance Corporation, or whether there has been any subsequent change in the condition of

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"the bank which would raise a question as to whether the assets of the bank are adequate to enable it to meet all of its liabilities to depositors and other creditors, another examination should be made to serve as a basis for the required certification.

"It is assumed that the program of examinations will be so arranged that whenever possible examinations of banks dependent upon seasonal liquidation will be made subsequent to the liquidation period."

Approved.

Letter dated July 27, 1934, approved by three members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of July 12, 1934, inclosing copies of a form which it is proposed that your examiners will ask all officers of State member banks to sign, while examinations are in progress, for the purpose of developing information with reference to loans to executive officers of member banks subject to the provisions of Section 22(g) of the Federal Reserve Act. You request comment with regard to the form itself and your policy in requesting that the form be completed.

"It is assumed that the form is not expected to develop all of the information needed in connection with loans by a member bank to its own executive officers, but to disclose the existence of such loans which may be made the subject of further investigation. Use of the form should also facilitate the determination by your examiners whether loans to the executive officers by other banks have been duly reported to the chairman of the board as required by Section 22(g), and with these statements available such other information as may come to your attention through examination of other banks or other official sources may be checked, thus reducing the amount of correspondence that otherwise might be required.

"It is evident that the first of such statements filed by an officer may contain information that would not be necessary in connection with subsequent statements. Therefore, it is suggested that two forms be used, one for the initial statement, and the other for subsequent statements. The inclosed copies have been revised in accordance with this suggestion.

"The revisions are self-explanatory, except that inasmuch as an officer may have created and extinguished indebtedness to member or nonmember banks since the effective date of Section 22 (g) and may, in the future, create and extinguish such indebtedness from time to time between the dates on which such statements are filed, the additional information to be developed in the added column, 'Date Paid', would be pertinent.

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"It is believed that a form such as you suggest could properly be used and would be helpful in developing the information required in determining whether the provisions of Section 22(g) have been observed".

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"On June 12, 1934, you were advised by telegram that permits were being issued to certain individuals under Section 32 of the Banking Act of 1933 to serve the Harris Trust and Savings Bank and The N. W. Harris Company, both of Chicago, Illinois. Such permits were made effective until June 16, 1934, it being understood that, on or before that date, The N. W. Harris Company would be in liquidation.

"The information which has been received shows that the capitalization of the company has already been reduced to the nominal amount of \$1000, and indicates that the number of directors has been reduced to three, all of whom are directors of the Harris Trust and Savings Bank. The information also shows that, in addition to the liquidating dividend of \$1,500,000 which was paid out of the assets of the company in January of this year, a further liquidating dividend of \$1,500,000 was contemplated on or about July 1, 1934, and that, after the payment of such dividend, the company will have assets which will probably produce between \$200,000 and \$400,000, but which the company desires to liquidate slowly in order to avoid sacrificing their value.

"In order that the Board's files may be complete, it will be appreciated if you will advise the Board whether The N. W. Harris Company has been placed in liquidation as contemplated."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. George S. Hovey, President of The Inter-State National Bank, Kansas City, Missouri, reading as follows:

"The Federal Reserve Board acknowledges receipt of your letter of July 20, 1934 regarding the application of Mr. R. Hovey Tinsman for a permit under Section 32 of the Banking Act of 1933 to serve as a director of The Inter-State National Bank and as an officer of Prescott, Wright, Snider Company, both of

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"Kansas City, Missouri.

"You refer to the Board's letter of July 18, 1934, and state that you will now understand Mr. Tinsman may be reelected a member of your Board unless you hear from the Board to the contrary. As was pointed out in the Board's letter, if Mr. Tinsman has ceased to be an officer and a director of the Prescott, Wright, Snider Company and his relationship to the company is not in a managerial capacity, Mr. Tinsman may be reelected a member of your Board without his relationship to the two institutions coming within the provisions of Section 32. On the other hand, if Mr. Tinsman is still acting as director or officer of the Prescott, Wright, Snider Company or is serving that company in a managerial capacity, his service as a director of your bank comes within the scope of Section 32 and a permit will be necessary. However, since the Board has not been informed as to such steps as Mr. Tinsman may have taken to bring his relationship to your bank and the Prescott, Wright, Snider Company into compliance with the requirements of the law, the Board is unable to make any ruling in the matter.

"You also state that you understand if Mr. Tinsman remains a director of your bank you will not be permitted to make advancements to the Prescott, Wright, Snider Company based on stocks and bonds as collateral. You apparently refer to the part of the Board's letter in which your attention was invited to the provisions of Section 8A of the Clayton Antitrust Act. The reference to that section was made in connection with such activities, if any, of the Prescott, Wright, Snider Company and not the activities of your bank. As was pointed out in the letter, if the Prescott, Wright, Snider Company makes loans secured by stock or bond collateral in connection with margin accounts or otherwise, service by Mr. Tinsman as a director, officer or employee of that company and as a director of your bank will come within the prohibitions of Section 8A, even though the provisions of Section 32 no longer apply to his relationship to the two institutions. It is suggested that you discuss this matter with the Federal Reserve Agent, the Federal Reserve Board's local representative, at the Federal Reserve Bank of Kansas City."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, stating that the Board has given consideration to the following application for a permit under the Clayton Act, and that, upon the basis of the information before it, feels that the

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issuance of the permit applied for would be incompatible with the public interest. The letter also requested the agent to communicate to the applicant the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. Tasker G. Lowmde, for permission to serve at the same time as a director and officer of The Second National Bank of Cumberland, Cumberland, Maryland, as a director and officer of the Cumberland Savings Bank, Cumberland, Maryland, and as a director and officer of The Lowmde Savings and Trust Company, Clarksburg, West Virginia.

Approved.

Letter dated July 28, 1934, approved by two members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. L. M. Jones, for permission to serve at the same time as a director and officer of The First National Bank of Dalton, Dalton, Georgia, and as a director of the Cohutta Banking Company, Chatsworth, Georgia.

Approved, together with a letter, also dated July 28, 1934, and approved by two members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"There is inclosed for your files a copy of the Clayton Act permit issued by the Board to Mr. L. M. Jones, Dalton, Georgia, to serve at the same time as director and officer of The First National Bank of Dalton, Dalton, and as director of The Cohutta Banking Company, Chatsworth, both of Georgia.

"In considering the application of Mr. Jones, it was noted from the examination report of The First National Bank of Dalton that loans to officers, directors and their interests amounted to \$169,000, some of which were scheduled as slow or loss. The indebtedness of Mr. Jones to the national bank as at April 16, 1934, amounted to \$13,529.70, of which amount \$7,375 was secured. The examiner stated the unsecured portion was purely a moral risk,

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"in view of the fact that the estimated worth of Mr. Jones was only \$2,500 and his annual salary was only \$1,785. This heavy and unsatisfactory line is, of course, also a matter for criticism of the management of the national bank. The examiner of the State bank reported that bank to be in a weakened condition, with a sound capital of only \$12,000. It was also noted that Mr. Jones attended only three of the fifteen directors' meetings of the State bank during the past year.

"It appears that the banks regard Mr. Jones' experience as valuable, especially in connection with real estate and credits in the communities served by the banks; that his counsel and advice are needed and sought by the banks; that he is held in high esteem by the banks' customers; and that you know of no reason why his service would be other than helpful to the banks.

"In the circumstances, the Board felt that it would be preferable to grant this permit in order to avoid any unnecessary misunderstanding by the communities which might prove detrimental to the best interests of the banks, but it suggests that you endeavor, in cooperation with the chief national bank examiner of your district, to bring about the necessary corrections of the matters referred to above. 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."

Letter dated July 28, 1934, approved by two members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. W. C. Martin, for permission to serve at the same time as a director and officer of The First National Bank of Dalton, Dalton, Georgia, as a director and officer of The Bank of Dalton, Dalton, Georgia, and as a director of The Bank of La Fayette, La Fayette, Georgia.

Approved, together with a letter, also dated July 28, 1934, and approved by two members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"There is inclosed for your files a copy of the Clayton Act permit issued by the Board to Mr. W. C. Martin, Dalton, Georgia, to serve at the same time as director and officer of The First National Bank of Dalton, Dalton, director and officer of The Bank of Dalton, Dalton, and as director of The Bank of La Fayette, La Fayette, all of Georgia.

"In considering Mr. Martin's application it was noted that

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"the two Dalton banks which he is serving are in active competition for practically all classes of business, Mr. Martin being the president of both institutions, and that there is one other bank in the community, a nonmember State bank. The examination report of the national bank as at April 16, 1934, showed officers, directors and their interests to be indebted to the bank to the extent of \$169,000 as compared to a capital structure of \$146,000 after the elimination of depreciation in securities, doubtful assets and losses. Of these borrowings, Mr. Martin owed the bank personally \$14,342.75, and his interests owed it \$77,551, of which \$22,346 was scheduled as slow and \$7,742 as loss. He also owed The Bank of Dalton personally \$7,626.95, and his interests owed it \$16,029.52, of which \$10,724.52 was scheduled as slow. It appears that the criticized loans were those of the Cherokee Manufacturing Company and the Dalton Property Company and that Mr. Martin was president of both of these companies. It was also noted that Mr. Martin had attended only three directors' meetings of the La Fayette bank during the last two years. In granting the permit the Board took into consideration the fact that the applicant had been prominent in the affairs of the two Dalton banks, and had been connected with banking interests in La Fayette, for years; that his services were said to have resulted in no restriction of credit or lessening of competition; that your conference with the applicant on March 7, 1934, developed the information that the applicant intended to consolidate the two Dalton banks within the succeeding twelve months, and that the steady recovery in collateral values supporting the loans of his interests would ultimately result in no loss to the banks.

"In the circumstances, the Board felt that it would be preferable to grant the permit in order to avoid any unnecessary misunderstanding by the communities which might prove detrimental to the best interests of the banks but it suggests that you endeavor, in cooperation with the chief national bank examiner of your district, to bring about a correction of the matters which have been criticized by the examiners. 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."

Letter dated July 30, 1934, approved by two members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. Frank M. Moody, for permission to serve at the same time as a director of the Birmingham branch of the Federal Reserve Bank of Atlanta, Birmingham, Alabama, and as a director and officer of The First National Bank of Tuscaloosa, Tuscaloosa, Alabama.

Approved, together with a letter, also dated

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July 30, 1934, and approved by two members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"There is inclosed for your files a copy of the Clayton Act permit issued by the Board to Mr. Frank M. Moody of Tuscaloosa, Alabama, to serve as director and officer of The First National Bank of Tuscaloosa, Tuscaloosa, and as director of the Birmingham Branch, Federal Reserve Bank of Atlanta, Birmingham, both of Alabama.

"In considering Mr. Moody's application it was noted that the national bank examiner considered that The First National Bank of Tuscaloosa was still in an unsatisfactory condition, after eliminating estimated losses and making certain adjustments in connection with its recapitalization with the assistance of the Reconstruction Finance Corporation; that the examiner stated the internal management needed to be reorganized or strengthened; that the directors were 'reasonably strong' but President Moody fully dominated all phases of the bank's operations; that it was your opinion the applicant could not be held wholly responsible for the condition of the bank as his domination of the detail operations was done in a spirit of helpfulness and with a feeling of responsibility to the bank, and that the condition of the bank will improve as business conditions improve.

"In the circumstances, the Board felt that it would be preferable to grant the permit in order to avoid any unnecessary misunderstanding by the community which might prove detrimental to the best interests of the Tuscaloosa bank, but it suggests that you endeavor, in cooperation with the chief national bank examiner of your district, to bring about a strengthening of the management and a correction of the conditions which have given rise to the examiner's criticisms. 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 the management and condition of the Tuscaloosa bank."

Letter dated July 26, 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 your letter of July 16 in regard to the Clayton Act permit granted to Mr. James T. McMillan to serve as a director of the National Bank of Detroit and as a director of the Detroit Savings Bank, Detroit, Michigan. The Board has noted with interest the correspondence of which copies were transmitted with your letter and in view of the situation described

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"in that correspondence and your recommendation the Board is willing to continue in effect until the January election of directors of these banks the permit granted to Mr. McMillan. This will avoid the necessity of his resigning as a director of one of the two banks and the situation can be met, it would seem, without any unnecessary embarrassment by an arrangement by which a successor will be elected by one of the banks at its January election. Please advise Mr. McMillan and the banks to this effect."

Approved.

Letters dated July 27, 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. Ira C. Batman, for permission to serve at the same time as a director and officer of The First National Bank of Bloomington, Bloomington, Indiana, and as a director and officer of the Citizens Loan & Trust Company, Bloomington, Indiana.

Mr. Hays H. Buskirk, for permission to serve at the same time as a director and officer of The First National Bank of Bloomington, Bloomington, Indiana, and as a director of the Citizens Loan & Trust Company, Bloomington, Indiana.

Approved, together with a letter, also dated July 27, 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 are inclosed for your files a copy of the Clayton Act permit issued by the Board to Mr. Ira C. Batman, Bloomington, Indiana, covering his services as director and officer of The First National Bank of Bloomington, and as director and officer of The Citizens Loan and Trust Company, and of the permit issued to Mr. Hays H. Buskirk, Bloomington, Indiana, covering his services as director and officer of The First National Bank of Bloomington and as director of The Citizens Loan and Trust Company, both of Bloomington, Indiana.

"For your confidential information in connection with these permits, the Federal Deposit Insurance Corporation report of examination of The Citizens Loan and Trust Company as of March 25, 1934, showed doubtful assets and estimated losses, including securities depreciation, considerably in excess of surplus, undivided profits and reserves. The report indicated that the bank was being dominated to the fullest extent by the cashier, and that the management was considered unsatisfactory inasmuch as the

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"burden was believed to be too heavy for him. The examiner recommended that a capable man be obtained to assist in the management of the institution.

"Although both banks have recently strengthened their capital structures by the sale of preferred stock and/or debentures to the Reconstruction Finance Corporation and to local interests, they are still not free of criticized assets as indicated by current examination reports. The management of the national bank appears to rest almost entirely with Vice President and Cashier Stull.

"In view of these facts the Board feels that further efforts should be made to remove the causes of the criticisms and suggests that you endeavor, in cooperation with the appropriate supervisory authorities to bring about a strengthening of the management and a further improvement of the condition of the banks involved. The Board desires also that when you submit your recommendations as a result of your annual review of these permits you report fully as to the progress made in bringing about an improvement in these matters."

Letters dated July 30, 1934, approved by two 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. Guy O. Babcock, for permission to serve at the same time as an officer and director of The Wood County National Bank of Wisconsin Rapids, Wisconsin Rapids, Wisconsin, as an officer and director of the Nekoosa State Bank, Nekoosa, Wisconsin, and as an officer and director of the Farmers & Merchants Bank, Rudolph, Wisconsin.

Mr. E. C. Wittig, for permission to serve at the same time as a

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director and officer of The Wood County National Bank of Wisconsin Rapids, Wisconsin Rapids, Wisconsin, and as a director of the Vesper-Arpin State Bank, Vesper, Wisconsin.

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. John E. Alexander, for permission to serve at the same time as a director and officer of The Wood County National Bank of Wisconsin Rapids, Wisconsin Rapids, Wisconsin, and as a director and officer of the Nekoosa State Bank, Nekoosa, Wisconsin.

Approved, together with a letter, also dated July 30, 1934, and approved by two 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. John E. Alexander of Port Edwards, Wisconsin, to serve as director and officer of The Wood County National Bank of Wisconsin Rapids, Wisconsin Rapids, Wisconsin, and director and officer of Nekoosa State Bank, Nekoosa, Wisconsin.

"In considering Mr. Alexander's application it was noted that his loan of \$13,000 at the national bank was criticised as slow and his loan of \$7,239.33 at the State bank was included among loans especially mentioned. Loans by the national bank aggregating approximately \$82,000 to the Nekoosa Edwards Paper Company, of which the applicant is the general manager, were considered to be an undue concentration of credit although the examiner stated that this company should experience no difficulty in meeting these obligations. It was also noted that a loan of \$6,486.62 by the State bank to the National Carbonic Machine Company, in which the applicant is interested, was classified as a loss.

"The applicant, his family and interests, however, made large contributions to the national bank in order that it might resume business following the banking holiday. The applicant is also reported to have a large net worth, appears to be highly regarded and is the representative of the largest industry in the community. In view of these circumstances, the Board felt that it would be preferable to grant the permit.

"The Board desires that when you submit your recommendations as a result of your annual review of this permit, you report fully as to the current status of the borrowings of Mr. Alexander

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"and his interests at the national bank, and whether such borrowings constitute an abuse of the credit facilities of the bank."

Letter dated July 30, 1934, approved by two members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. W. O. Steel, for permission to serve at the same time as a director and officer of The First National Bank of Eldon, Eldon, Iowa, as a director and officer of The First National Bank of Centerville, Centerville, Iowa, and as a director and officer of the Iowa Trust & Savings Bank, Centerville, Iowa.

Approved, together with a letter, also dated July 30, 1934, and approved by two members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"There is inclosed a copy of the Clayton Act permit issued by the Board to Mr. W. O. Steel, Centerville, Iowa, covering his services as director and officer of The First National Bank of Eldon, Eldon, Iowa, director and officer of The First National Bank of Centerville, Centerville, Iowa, and as director and officer of the Iowa Trust & Savings Bank, Centerville, Iowa.

"In the consideration of Mr. Steel's application it was noted that the examination report of The First National Bank of Eldon showed that the management was weak and the condition was aggravated by lack of attention on the part of the directors. The national bank examiner in his remarks concerning The First National Bank of Centerville states that a period of future observation will be required to determine whether the present management is capable of carrying on the capable and efficient management which that bank enjoyed in the past.

"The Board suggests that you endeavor, in cooperation with the Chief National Bank Examiner of your district to bring about a strengthening of the management and fuller cooperation of the directors in both national banks and also suggests that, when you submit your recommendation as a result of your annual review of this permit, you report fully as to the progress made in bringing about an improvement in the management."

Letter dated July 27, 1934, approved by three members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of July 12, 1934, with

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"which was inclosed a letter dated July 11, 1934, from Mr. R. E. Barron of Minot, North Dakota, relative to the Clayton Act application of Mr. Barron for permission to serve as director and officer of First National Bank in Minot, Minot, and as director of First State Bank, Burlington, North Dakota.

"The Board has given consideration to the matters set forth in Mr. Barron's letter of July 11, 1934, addressed to you, but still feels that the issuance of the permit applied for would be incompatible with the public interest. You are requested to advise the applicant accordingly.

"It is noted that Mr. Barron states that it is his intention to resign as a director of the First State Bank of Burlington. When Mr. Barron has brought his relationships into conformity with the provisions of the Clayton Act, please advise the Board in order that its records in this case may be complete."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"There are inclosed the Clayton Act permit, and copies thereof, issued by the Board to Mr. Louis G. Kaufman, Marquette, Michigan, covering his service as director and officer of The First National Bank and Trust Company of Marquette, Marquette, Michigan, and of The Marquette County Savings Bank, Marquette, Michigan.

"In analyzing Mr. Kaufman's application, it was noted that, in answer to question 12 on form 94, the applicant stated that, in addition to his services with the two banks covered by his application, he is a director of General Motors Corporation, Detroit, Michigan, Empire State, Incorporated, New York, N. Y., and Chicago & Erie Railroad, Cleveland, Ohio. In answer to question 13 on form 94, the applicant stated that the two banks make loans on stock or bond collateral, and that 'So far as I know, none of the other organizations listed above makes loans to individuals, associations, partnerships or corporations secured by stock or bond collateral.' In view of this statement, it is not clear whether the services of the applicant with the three non-banking organizations referred to above come within the prohibitions of Section 8A of the Clayton Act.

"In this connection, reference is made to the Board's letters of November 10, 1933 (X-7677) and December 19, 1933 (X-7721), from which it will be noted that if any non-banking organization with which Mr. Kaufman is connected occasionally makes loans secured by stock or bond collateral, other than to its own subsidiaries, his service at the same time as a director of such

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"organization and as a director, officer, or employee of a national bank is prohibited by Section 8A, and the Board is without authority to issue a permit in such a case. Accordingly, it is requested that, before releasing the inclosed permit, you ascertain definitely whether Mr. Kaufman's services with any of the non-banking organizations listed in his application come within the prohibitions of Section 8A. If it is determined that none of the non-banking organizations makes loans on stock or bond collateral within the contemplation of Section 8A, you are authorized to release the inclosed permit to Mr. Kaufman, at the same time forwarding copies thereof to the banks involved.

"Please advise the Board of your disposition of this matter, in order that its records may be complete."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"There are inclosed the Clayton Act permit and copies thereof issued by the Board to Mr. L. Rubin, Bismarck, North Dakota, to serve as director and officer of The First National Bank of Carson, and as director of The Dakota National Bank & Trust Company of Bismarck, both in North Dakota.

"In the consideration of Mr. Rubin's application it was noted (item 12 - F.R.B. Form 94, dated December 13, 1933) that he was serving as president of the First National Investment Company, Ashley, South Dakota, the business of which was described to be 'investments'.

"While the Board does not have detailed information regarding the character of the business conducted by this company, it appears possible that the provisions of Section 32 of the Banking Act of 1933 are applicable in this case. Therefore, the Board requests that you make such investigation as is necessary to determine the status of Mr. Rubin with respect to the provisions of Section 32.

"If you find to your satisfaction that the provisions of Section 32 are not applicable to Mr. Rubin, you are authorized to transmit the Clayton Act permit to the applicant and copies thereof to the banks concerned.

"If you find that Mr. Rubin's service with the above named banks and investment company comes within the provisions of Section 32, you are requested to inform him of the requirements of that section and as to the procedure in making formal application for a Section 32 permit. If upon consideration of all the facts involved, with the advice of your counsel, you are unable to determine to your satisfaction the applicability of Section

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"32 in this case, the Board, upon receipt of full information, will be glad to rule upon the matter. In any event, the delivery of the Clayton Act permit should not be made until it has been determined that Mr. Rubin's service with the above named company and banks does not come within the provisions of Section 32 or that his service with such institutions has been brought into conformity with the requirements of that section.

"Please inform the Board of the action taken in this matter."

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the Clayton Act permit, and copies thereof, issued by the Board to Walter J. Aycock, El Reno, Oklahoma, covering his services at The Citizens National Bank of El Reno, El Reno, Oklahoma, and the Piedmont State Bank, Piedmont, Oklahoma.

"In analyzing Mr. Aycock's application it was noted that the report of examination of The Citizens National Bank of El Reno as of April 14, 1934 contained a statement of condition of the Citizens Finance and Investment Company, El Reno, Oklahoma, as of March 31, 1934 showing loans and discounts amounting to \$22,234 out of total assets of \$23,316. Mr. Aycock was listed as a vice president and a director of the company. The report did not indicate if the loans and discounts included any loans secured by stock or bond collateral. The application, dated May 18, 1934, stated that the applicant was not a director, officer, or employee of any firm or corporation other than the El Reno and Piedmont banks. Before releasing Mr. Aycock's permit, you are requested to satisfy yourself that he has severed his official connection with the Citizens Finance and Investment Company, provided that this company makes loans secured by stock or bond collateral. Please advise the Board of your disposition of this matter in order that its records may be complete.

"According to the same report of examination, Mr. C. A. Vose is a director of the Citizens Finance and Investment Company. A permit was issued to Mr. Vose on November 9, 1931 by the Board under authority of Section 8 of the Clayton Antitrust Act covering his services at the First National Bank and Trust Company of Oklahoma City, Oklahoma, The Citizens National Bank of El Reno, Oklahoma, and the American National Bank of Fort Towson, Oklahoma. Unless it is determined in connection with Mr. Aycock's application that the Citizens Finance and Investment Company does not make loans secured by stock or bond collateral, please ascertain and inform the Board if Mr. Vose has severed his official

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"connection with this company."

The Clayton Act permit referred to authorized Mr. Aycock to serve at the same time as a director and officer of The Citizens National Bank of El Reno, El Reno, Oklahoma, and as a director of the Piedmont State Bank, Piedmont, Oklahoma.

Approved.

Letter dated July 27, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the Clayton Act permit and copies thereof issued by the Board to Mr. E. C. Love, Chandler, Oklahoma, covering his service as director and officer of The First National Bank of Chandler, Chandler, Oklahoma, and director of The First National Bank of Stroud, Stroud, Oklahoma, for transmittal by you to Mr. Love and the two banks, together with a copy for your files.

"In approving this application, consideration has been given to the statement of the applicant that he has kept in touch with the affairs of the Stroud bank through contacts with the active officers and by careful inspection of the bank's examination reports. It has been noted, however, that he has attended only 6 directors' meetings of a total of 33 held by the Stroud bank during the past two years. The Board feels that a director should have a satisfactory record of discharging the duties and responsibilities of his office by participating in the management and operations of the bank through attendance at directors' meetings. When transmitting to Mr. Love his copy of this permit, it is desired that you inform him of the Board's views in this matter. When you submit your recommendations as a result of your annual review of this permit, the Board requests that you report fully as to Mr. Love's attendance at directors' meetings during 1934."

Approved.

Letter dated July 27, 1934, approved by three members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed copies of the Clayton Act permit issued

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"by the Board to Mr. F. C. Whipple to serve The First National Bank of Lawrence, Kansas, and The First Savings Bank, Lawrence, Kansas.

"Confidentially, information obtained from the files of the Comptroller of the Currency indicates that Mr. F. C. Whipple apparently has committed a number of violations of Section 22(g) of the Federal Reserve Act by overdrawing his account in The First National Bank of Lawrence, and that the alleged violations were reported to the Attorney General of the United States.

"The Board feels that, in all cases where there have been violations of the law, even though of a technical nature and not involving large amounts, definite information should be obtained from the proper authorities regarding the disposition which was made of such cases before permits under the provisions of the Clayton Act are issued. You are requested, therefore, to ascertain the status of charges against Mr. F. C. Whipple, and in the event the cases have been duly considered and closed without prosecution, you are authorized to release the inclosed permit to the applicant and to forward copies thereof to the banks involved, at the same time furnishing the Board complete information with regard to the disposition of these matters in order that its records may be complete.

"When you submit your recommendations, as a result of your annual review of this permit, the Board requests that you report fully as to whether Mr. F. C. Whipple has further violated any provisions of the law by overdrawing his account or otherwise."

The Clayton Act permit referred to authorized Mr. Whipple to serve at the same time as a director and officer of The First National Bank of Lawrence, Lawrence, Kansas, and as a director and officer of The First Savings Bank, Lawrence, Kansas.

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the Clayton Act permit and copies thereof issued by the Board to Mr. J. R. Breed, 7436 Broadway, Kansas City, Missouri, covering his services as director and officer of The University Bank, Kansas City, Missouri, and as director of The First National Bank of Hydro, Hydro, Oklahoma, for transmittal by you to Mr. Breed and the two banks, together with a copy for your files.

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"In approving this application, consideration has been given to the statement of The First National Bank of Hydro that the applicant spends several days at the bank two or three times a year at which times the bank's policies and conditions are discussed with the officers, and also to your statement that the applicant is well and favorably known in Hydro where he formerly lived. It has been noted, however, that the applicant has not attended any directors' meetings of the Hydro bank during the past two years. The Board feels that a director should have a satisfactory record of discharging the duties and responsibilities of his office by participating in the management and operations of the bank through attendance at directors' meetings and it is with the expectation that the applicant will improve his attendance that the Board has granted the permit. When transmitting to Mr. Breed his copy of this permit, it is desired that you inform him of the Board's views in this matter. When you submit your recommendations, as a result of your annual review of this permit, the Board requests that you report fully as to Mr. Breed's attendance at directors' meetings during 1934."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the original and copies of the Clayton Act permit issued to Mr. Charles F. Coffee covering his services as director and officer of The First National Bank of Chadron, Chadron, Nebraska, The Sioux National Bank of Harrison, Harrison, Nebraska, and The First National Bank of Hay Springs, Hay Springs, Nebraska.

"It is noted from Mr. Coffee's application that, in addition to his service on the above named banks, he is also serving as director of the First National Bank of Gordon, Gordon, Nebraska, and that he stated that he intended to resign from such institution. However, the records of the Board and the Comptroller of the Currency do not indicate that Mr. Coffee has as yet resigned from such bank and in view of the fact that the Board is without authority to issue a permit covering more than three banking institutions, you are requested to withhold delivery of the inclosed Clayton Act permit to Mr. Coffee until you are satisfied that he has actually severed his connection with the First National Bank of Gordon, in which event you are authorized to deliver the permit to the applicant, at the same time transmitting copies thereof to the banks involved.

"Please advise the Board of your action in this matter."

Approved.

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Letter dated July 30, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed copies of the Clayton Act permit issued to Mr. Robert S. Gast, Thatcher Building, Pueblo, Colorado, covering his service as director and officer of The First National Bank of Florence, Colorado, and director of The American National Bank of Alamosa, Colorado, for transmittal by you to Mr. Gast and the two banks, together with a copy for your files.

"In approving this application, consideration has been given to your statement that the applicant is familiar with the affairs of the banks through frequent contacts with their officers and a substantial stockholder although it has been noted that he has attended only 4 of the 28 directors' meetings held during the past two years at Florence and 3 of the 26 meetings held during that period at Alamosa. The Board feels that a director should have a satisfactory record of discharging the duties and responsibilities of his office by participating in the management and operations of the bank through attendance at directors meetings. When transmitting to Mr. Gast his copy of this permit, it is desired that you inform him of the Board's views in this matter. When you submit your recommendations, as a result of your annual review of this permit, the Board requests that you report fully as to Mr. Gast's attendance at directors' meetings during 1934."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed Clayton Act permit and copies thereof issued by the Board to Mr. E. A. Hanes, to serve as director and officer of The First National Bank of Ottawa, Ottawa, Kansas and as director of the Lane State Bank, Lane, Kansas.

"Information obtained from the examination report of The First National Bank of Ottawa as at January 24, 1934, indicates that Mr. E. A. Hanes has probably violated Section 5203 of the U.S.R.S. by certifying a check when the drawer did not have sufficient funds on deposit to cover, and that the alleged violation was reported to the Attorney General of the United States.

"The Board feels that, in connection with applications involving reported violations of the law, definite information should be obtained regarding the disposition which was made of

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"such cases before permits under the provisions of the Clayton Act are issued. You are requested, therefore, to ascertain the status of the charges against Mr. E. A. Hanes, if any, and in the event the case has been duly considered and closed without prosecution, you are authorized to release the inclosed permit to Mr. E. A. Hanes and to forward copies thereof to the banks involved, at the same time furnishing the Board complete information with respect to the disposition of this matter, in order that its records may be complete. The Board also desires that, when you submit your recommendation as a result of your annual review of this permit, you report fully as to whether Mr. Hanes has further violated any provisions of the law."

Approved.

Letter dated July 30, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, 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 applied for would be incompatible with the public interest. The letter also requested the agent to communicate to the applicant the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. H. F. G. Wulf, for permission to serve at the same time as a director and officer of the Humboldt National Bank, Humboldt, Kansas, and as a director and officer of The State Bank of Garden Plain, Garden Plain, Kansas.

Approved, together with the following letter to be transmitted to Mr. O'Connor, Comptroller of the Currency, if and when advice is received from Mr. McClure, that Mr. Wulf has severed his connection with the State Bank of Garden Plain, Kansas:

"The Board has recently had under consideration the Clayton

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"Act application of Mr. H. F. G. Wulf, Humboldt, Kansas, for permission to serve at the same time as director and officer of the Humboldt National Bank, Humboldt, Kansas, and as director and officer of the State Bank of Garden Plain, Garden Plain, Kansas, and upon the basis of the information before it, did not grant the application. The Board has been advised that Mr. Wulf has severed his connection with the State Bank of Garden Plain. The Board's action upon this application was based largely upon the nature of the use which the applicant has made of the credit facilities of the Humboldt National Bank and the criticisms of operating practices and policies of such bank as shown in the current report of examination. In this connection, there is inclosed for your confidential information a copy of a memorandum prepared in the Board's Division of Examinations covering this case.

"The Board's action on this case is called to your attention merely for your information in connection with any consideration which your office might give to whether proceedings should be instituted under the provisions of Section 30 of the Banking Act of 1933, with respect to Mr. Wulf."

Letters dated July 26, 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. Geo. H. Buckman, for permission to serve at the same time as a director of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director of the Commercial Trust and Savings Bank, Charles City, Iowa.

Mr. C. F. Dinkel, for permission to serve at the same time as a director of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director of the Commercial Trust and Savings Bank, Charles City, Iowa.

Mr. A. M. Hauser, for permission to serve at the same time as a director and officer of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director and officer of the Commercial Trust and Savings Bank, Charles City, Iowa.

Mr. J. Hecht, for permission to serve at the same time as a director and officer of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director and officer of the Commercial Trust and Savings Bank, Charles City, Iowa.

Mr. Geo. W. Johnson, for permission to serve at the same time as a director of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director of the Commercial Trust and Savings Bank, Charles City, Iowa.

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Mr. Carl C. Magdsick, for permission to serve at the same time as a director and officer of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director and officer of the Commercial Trust and Savings Bank, Charles City, Iowa.

Mr. Ralph P. Waller, for permission to serve at the same time as a director of The Commercial National Bank of Charles City, Charles City, Iowa, and as a director of the Commercial Trust and Savings Bank, Charles City, Iowa.

Approved, together with a letter, also dated July 26, 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 are inclosed for your files copies of the Clayton Act permits issued by the Board to Messrs. Carl C. Magdsick, A. M. Hauser, J. Hecht, C. F. Dinkel, Geo. H. Buckman, Ralph P. Waller and Geo. W. Johnson covering their services as directors and/or officers of The Commercial National Bank of Charles City and Commercial Trust and Savings Bank, both of Charles City, Iowa.

"In considering these applications, it was noted that the report of examination of the national bank as of June 4, 1934, showed loans to Messrs. Magdsick, Hauser, Buckman, and Hecht and/or their interests as subject to criticism. It was further noted that the national bank examiner reported the management to be lacking in aggressiveness and initiative and suggested that, in view of the substantial increase in slow paper and the failure in the past to perform on promises made for correction, monthly reviews be required over the signatures of the directors. It also appears that the above named directors have been associated with the banks for many years, that the banks operate under the same roof and for all practical purposes apparently are regarded as one institution, and that the management has expressed a desire to effect a consolidation of the two banks.

"In view of these circumstances, the Board felt that it would be preferable to grant these permits in order to avoid any misunderstanding by the community which might prove detrimental to the best interests of the banks, but it suggests that in cooperation with the District Chief National Bank Examiner, you endeavor to bring about a correction of those matters which were the cause of the examiner's criticisms.

"When you submit your recommendation as a result of your annual review of these permits, you are requested to report fully as to the current status of the borrowings of Messrs. Magdsick, Hauser, Buckman, and Hecht and as to the action, if any, which has been taken to strengthen the management of the national bank."

Letters dated July 26, 1934, approved by three members of the

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

Mr. L. L. Trussell, for permission to serve at the same time as a director of The First National Bank of Fordyce, Fordyce, Arkansas, and as a director and officer of the Fordyce Bank & Trust Company, Fordyce, Arkansas.

Mr. Julius A. Coller, for permission to serve at the same time as a director and officer of The First National Bank of Shakopee, Shakopee, Minnesota, and as a director and officer of the First State Bank, New Market, Minnesota.

Mr. J. H. Moore, for permission to serve at the same time as a director and officer of The First National Bank of Shakopee, Shakopee, Minnesota, and as a director of the First State Bank, New Market, Minnesota.

Mr. C. Theo. Weiland, for permission to serve at the same time as a director and officer of The First National Bank of Shakopee, Shakopee, Minnesota, and as a director of the First State Bank, New Market, Minnesota.

Approved.

Letters dated July 27, 1934, approved by two members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. Austin L. Adams, for permission to serve at the same time as a director and officer of The Naugatuck National Bank, Naugatuck, Connecticut, and as a director and officer of The Colonial Trust Company, Waterbury, Connecticut.

Mr. Alfred E. Chase, for permission to serve at the same time as an officer of The Merchants National Bank of Boston, Boston, Massachusetts, and as a director of The Central National Bank of Lynn, Lynn, Massachusetts.

Mr. Gilbert F. Davis, for permission to serve at the same time as a director of the Hartford Savings Bank & Trust Company, White River Junction, Vermont, as a director of the Claremont National Bank, Claremont, New Hampshire, and as a director of The Windham National Bank of Bellows Falls, Bellows Falls, Vermont.

Mr. James F. Dewey, for permission to serve at the same time as

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a director of The Woodstock National Bank, Woodstock, Vermont, and as a director and officer of the Hartford Savings Bank & Trust Company, White River Junction, Vermont.

Mr. Benjamin Apple, for permission to serve at the same time as a director of The First National Bank of Sunbury, Sunbury, Pennsylvania, and as a director and officer of the Freeburg State Bank, Freeburg, Pennsylvania.

Mr. W. A. Lewis, for permission to serve at the same time as a director of The First National Bank of Asheboro, Asheboro, North Carolina, and as a director and officer of the Bank of Biscoe, Biscoe, North Carolina.

Mr. W. D. Cook, for permission to serve at the same time as a director and officer of the First National Bank in Meridian, Meridian, Mississippi, and as a director and officer of the Bank of Morton, Morton, Mississippi.

Mr. Lum Anderson, for permission to serve at the same time as a director and officer of The First National Bank in Green Forest, Green Forest, Arkansas, and as a director of The First National Bank of Berryville, Berryville, Arkansas.

Mr. W. E. Beerse, for permission to serve at the same time as a director and officer of The First National Bank of Hastings, Hastings, Minnesota, and as a director of the Vermillion State Bank, Vermillion, Minnesota.

Mr. Edward S. Bice, for permission to serve at the same time as a director and officer of The First National Bank and Trust Company of Marquette, Marquette, Michigan, and as a director of The Marquette County Savings Bank, Marquette, Michigan.

Mr. Charles L. Brainerd, for permission to serve at the same time as a director and officer of The First National Bank and Trust Company of Marquette, Marquette, Michigan, and as a director of The Marquette County Savings Bank, Marquette, Michigan.

Mr. Edward J. Hudson, for permission to serve at the same time as a director and officer of The First National Bank and Trust Company of Marquette, Marquette, Michigan, and as a director and officer of The Marquette County Savings Bank, Marquette, Michigan.

Mr. John Will, for permission to serve at the same time as a director and officer of the First National Bank in Garrison, Garrison, North Dakota, and as a director of The First National Bank of Carson, Carson, North Dakota.

Mr. C. L. Frickey, for permission to serve at the same time as a

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director and officer of The Farmers National Bank of Oberlin, Oberlin, Kansas, and as a director and officer of the Dresden State Bank, Dresden, Kansas.

Approved.

Letters dated July 27, 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. Doak Finch, for permission to serve at the same time as a director of The First National Bank of Thomasville, Thomasville, North Carolina, and as a director and officer of the Carolina Bank and Trust Company, Denton, North Carolina.

Mr. George D. Finch, for permission to serve at the same time as a director of The First National Bank of Thomasville, Thomasville, North Carolina, and as a director of the Carolina Bank and Trust Company, Denton, North Carolina.

Mr. J. F. Garner, for permission to serve at the same time as an officer of The First National Bank of Thomasville, Thomasville, North Carolina, and as a director and officer of the Carolina Bank and Trust Company, Denton, North Carolina.

Mr. Charles F. Phillips, for permission to serve at the same time as a director of The First National Bank of Thomasville, Thomasville, North Carolina, and as a director and officer of the Carolina Bank and Trust Company, Denton, North Carolina.

Mr. R. L. Pope, for permission to serve at the same time as an officer of The First National Bank of Thomasville, Thomasville, North Carolina, and as a director of the Carolina Bank and Trust Company, Denton, North Carolina.

Mr. Walter W. Rapp, for permission to serve at the same time as an officer of The First National Bank of Thomasville, Thomasville, North Carolina, and as a director of the Carolina Bank and Trust Company, Denton, North Carolina.

Mr. B. M. Athey, for permission to serve at the same time as a director and officer of the Security Bank & Trust Company, Enid, Oklahoma, and as a director and officer of The First National Bank of Hennessey, Hennessey, Oklahoma.

Mr. G. W. Athey, for permission to serve at the same time as a director and officer of the Security Bank & Trust Company, Enid,

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Oklahoma, and as a director and officer of The First National Bank of Hennessey, Hennessey, Oklahoma.

Mr. R. G. Athey, for permission to serve at the same time as a director and officer of the Security Bank & Trust Company, Enid, Oklahoma, and as a director and officer of The First National Bank of Hennessey, Hennessey, Oklahoma.

Mr. M. A. Basgall, for permission to serve at the same time as a director and officer of The Farmers National Bank of Victoria, Victoria, Kansas, and as a director of The First National Bank of Hays City, Hays, Kansas.

Mr. J. A. Mermis, for permission to serve at the same time as a director and officer of The First National Bank of Hays City, Hays, Kansas, and as a director and officer of The Farmers National Bank of Victoria, Victoria, Kansas.

Mr. John A. Mermis, for permission to serve at the same time as a director of The Farmers National Bank of Victoria, Victoria, Kansas, and as a director of The First National Bank of Hays City, Hays, Kansas.

Mr. George Docking, for permission to serve at the same time as a director and officer of The First National Bank of Lawrence, Lawrence, Kansas, and as a director and officer of The First Savings Bank, Lawrence, Kansas.

Mr. William Docking, for permission to serve at the same time as a director and officer of The First National Bank of Lawrence, Lawrence, Kansas, and as a director of The First Savings Bank, Lawrence, Kansas.

Mr. Kelvin V. Hoover, for permission to serve at the same time as a director of The First National Bank of Lawrence, Lawrence, Kansas, as a director of The First Savings Bank, Lawrence, Kansas, and as a director and officer of The Kaw Valley State Bank, Eudora, Kansas.

Mr. C. C. Stewart, for permission to serve at the same time as a director of The First National Bank of Lawrence, Lawrence, Kansas, as a director of The First Savings Bank, Lawrence, Kansas, and as a director of The Kaw Valley State Bank, Eudora, Kansas.

Mr. Thomas Beaslin, for permission to serve at the same time as a director and officer of the Ford City State Bank, Ford City, Missouri, and as a director and officer of The Citizens National Bank of King City, King City, Missouri.

Mr. P. J. Cashman, for permission to serve at the same time as a

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director and officer of the First State Bank, Tishomingo, Oklahoma, as a director and officer of The Bank of Commerce, Wetumka, Oklahoma, and as an employee of the National Bank of Tulsa, Tulsa, Oklahoma.

Approved.

Letters dated July 28, 1934, approved by two members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. S. J. Head, for permission to serve at the same time as a director and officer of The First National Bank of Dalton, Dalton, Georgia, and as a director and officer of The Bank of Dalton, Dalton, Georgia.

Mrs. W. C. Martin, for permission to serve at the same time as a director of The First National Bank of Dalton, Dalton, Georgia, and as a director of The Bank of Dalton, Dalton, Georgia.

Mr. Charles Henderson, for permission to serve at the same time as a director of the First Farmers and Merchants National Bank of Troy, Troy, Alabama, and as a director and officer of the Troy Bank and Trust Company, Troy, Alabama.

Approved.

Letters dated July 30, 1934, approved by two members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. Clay F. Lynch, for permission to serve at the same time as a director of the First National Bank in Latrobe, Latrobe, Pennsylvania, and as a director of the First National Bank of Scottdale, Scottdale, Pennsylvania.

Mr. L. U. Noland, for permission to serve at the same time as a director of The First National Bank of Newport News, Newport News, Virginia, and as a director and officer of the Citizens Marine Jefferson Bank, Newport News, Virginia.

Mr. Thad A. Cox, for permission to serve at the same time as a director of The Hamilton National Bank of Johnson City, Johnson City, Tennessee, and as a director and officer of the Farmers & Merchants Bank, Limestone, Tennessee.

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Mr. M. K. Hunter, for permission to serve at the same time as a director and officer of The Liberty National Bank & Trust Company of Savannah, Savannah, Georgia, and as a director of The First National Bank & Trust Company in Macon, Macon, Georgia.

Mr. Stanley A. Clark, for permission to serve at the same time as a director and officer of The City National Bank of South Bend, South Bend, Indiana, and as a director and officer of the Galien State Bank, Galien, Michigan.

Mr. Perry Davis, for permission to serve at the same time as a director and officer of The Lafayette National Bank, Lafayette, Indiana, and as a director and officer of the Stockwell State Bank, Stockwell, Indiana.

Mr. Harry Jennings, for permission to serve at the same time as a director of The First National Bank of Centerville, Centerville, Iowa, and as a director of the Iowa Trust & Savings Bank, Centerville, Iowa.

Mr. R. H. Calverley, for permission to serve at the same time as a director and officer of The Kirk State Bank, Kirk, Colorado, and as a director and officer of The First National Bank of Stratton, Stratton, Colorado.

Mr. Charles F. Coffee, Jr., for permission to serve at the same time as a director and officer of The First National Bank of Chadron, Chadron, Nebraska, and as a director of The Sioux National Bank of Harrison, Harrison, Nebraska.

Mr. Edwin D. Crites, for permission to serve at the same time as a director of The First National Bank of Chadron, Chadron, Nebraska, and as a director of The Sioux National Bank of Harrison, Harrison, Nebraska.

Mr. Benjamin F. Pitman, for permission to serve at the same time as a director of The First National Bank of Chadron, Chadron, Nebraska, and as a director of The First National Bank of Hay Springs, Hay Springs, Nebraska.

Mr. H. J. Birmingham, for permission to serve at the same time as a director and officer of The First National Bank of O'Neill, O'Neill, Nebraska, as a director and officer of The First National Bank of Atkinson, Atkinson, Nebraska, and as a director and officer of the Emmet State Bank, Emmet, Nebraska.

Mr. Edward M. Gallagher, for permission to serve at the same time as a director and officer of The First National Bank of O'Neill, O'Neill, Nebraska, as a director and officer of The First National Bank of Atkinson, Atkinson, Nebraska, and as a director and officer

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of the Emmet State Bank, Emmet, Nebraska.

Mr. Geo. E. Gano, for permission to serve at the same time as a director of The First National Bank of Hutchinson, Hutchinson, Kansas, and as a director and officer of The Fontron Loan and Trust Company, Hutchinson, Kansas.

Mr. N. B. Sawyer, for permission to serve at the same time as a director of The First National Bank of Hutchinson, Hutchinson, Kansas, and as a director and officer of The State Bank of Haven, Haven, Kansas.

Mr. D. G. Hansen, for permission to serve at the same time as a director and officer of The First National Bank of Logan, Logan, Kansas, and as a director and officer of The Farmers State Bank, Speed, Kansas.

Mr. B. W. Wiltrout, for permission to serve at the same time as a director and officer of The First National Bank of Logan, Logan, Kansas, and as a director and officer of The First National Bank of Prairie View, Prairie View, Kansas.

Mr. John A. Reed, for permission to serve at the same time as a director and officer of The First National Bank of Kemmerer, Kemmerer, Wyoming, as a director of the State Bank of Big Piney, Big Piney, Wyoming, and as a director of the State Bank of Pinedale, Pinedale, Wyoming.

Mr. Walter P. Napier, for permission to serve at the same time as a director and officer of The Alamo National Bank of San Antonio, San Antonio, Texas, and as a director of the San Antonio branch of the Federal Reserve Bank of Dallas, San Antonio, Texas.

Approved.

Letter dated July 30, 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. Chas. Swenson, for permission to serve at the same time as a director of The First National Bank of Braham, Braham, Minnesota, as a director and officer of the State Bank of Mora, Mora, Minnesota, and as a director and officer of the First State Bank, Ogilvie, Minnesota.

Approved.

There were then presented the following applications for

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changes in stock of Federal reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 3.</u>		
The Hartley National Bank of Bedford, Bedford, Pennsylvania	72	
The First National Bank in Bedford, Bedford, Pennsylvania	<u>113</u>	185
<u>District No. 6.</u>		
The Claxton National Bank, Claxton, Georgia	34	34
<u>District No. 7.</u>		
The Clintonville National Bank, Clintonville, Wisconsin	36	
The Pontiac National Bank, Pontiac, Illinois	<u>72</u>	108
<u>District No. 9.</u>		
First National Bank in Pierre, Pierre, South Dakota	36	36
<u>District No. 11.</u>		
First National Bank in Athens, Athens, Texas	<u>72</u>	<u>72</u>
	<u>Total</u>	<u>435</u>

Approved.

Thereupon the meeting adjourned.

Ernest Morille
Secretary.

Approved:

J. J. Thomas
Chairman, Executive Committee.