

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Wednesday, September 5, 1934, at 11:10 a. m.

PRESENT: Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. James
Mr. O'Connor

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

The Committee considered and acted upon the following matters:

Telegram dated September 4, 1934, approved by two members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Your letter September 1. Board approves for your bank, effective immediately, minimum rate of 1% per annum and maximum rate of 2% per annum on industrial loan commitments in excess of six months, with authority to officers to fix rate on each such commitment within limits of minimum and maximum rates."

Approved.

Memorandum dated August 28, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated August 23, from Mr. Helm, Deputy Governor and Cashier of the Federal Reserve Bank of Kansas City, which requested approval of changes in the personnel classification plan of the Oklahoma City Branch to provide for a decrease in salary range for the position of "clerk-messenger" in the non-cash collection department, and for an increase in salary range for the position of "mail clerk" in the general service department. The memorandum stated that the committee had reviewed the proposed

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changes and recommends that they be approved. The recommendation was approved by three members of the Board on August 30, 1934.

Approved.

Memorandum dated August 29, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated August 25 from Mr. Martin, Governor of the Federal Reserve Bank of St. Louis, which requested approval of changes in the personnel classification plan of the bank to provide for three new positions in the Federal Farm Mortgage Corporation Division of the Fiscal Agency Department and a change in the description of work of the position of "typist-clerk" in the Fiscal Agency Department. The memorandum stated that the committee had reviewed the proposed changes and recommends that they be approved. The recommendation was approved by two members of the Board on August 31, 1934.

Approved.

Letter dated August 28, 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 August 4, 1934, transmitting a statement of outside business affiliations signed by Mr. L. D. Reak of your Industrial Loan Department.

"Mr. Reak states that before entering the employ of the Federal Reserve Bank he was manager and director of the Superior Brick Corporation. It is not clear from the statement whether Mr. Reak has resigned these positions, but if he has not and they are within the scope of the Board's letter of April 29, 1933, X-7425, the Board feels that they should be discontinued, unless Mr. Reak's employment at the Federal Reserve Bank is of such a temporary nature that you feel there is justification for making an exception to the policy stated in the letter of April 29, 1933, that officers and employees of Federal reserve banks

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"occupying responsible positions should give their entire time and attention to the affairs of the bank and not be identified with any outside business interests. It will be appreciated if you will advise the Board in this connection.

"It is assumed, in any event, that you have satisfied yourself that Mr. Reak's service to the corporation does not conflict with his employment at your bank nor in any way impair his efficiency and that the affiliation does not involve any financial or other relations that may be embarrassing to the bank.

"It is also assumed from the statement of outside business affiliations submitted by Mr. John E. France, inclosed with your letter of August 15, 1934, that during the time of his leave of absence from the St. Paul Association of Commerce, and his employment at your bank, he will render no service whatsoever to the association in an official capacity or otherwise."

Approved.

Letter to the board of directors of "The Farmington State Bank", Farmington, Michigan, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the number of shares of stock of the Federal Reserve Bank of Chicago to which the institution will be entitled upon the basis of its capital and surplus as of the date upon which its membership becomes effective.

Approved.

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

"Reference is made to your letters of June 19 and July 30, 1934, in reply to the Board's letter of May 18, 1934, regarding compliance by 'The Adirondack Trust Company', Saratoga Springs, New York, with conditions of membership numbered 5 and 12.

"In connection with condition of membership numbered 5, it has been noted that the bank has stated that it will be pleased to obtain such further data as the examiners may require.

"Under the caption Violations of Federal Reserve Act, Regulations or Conditions of Membership in the analysis of report of examination as of December 28, 1933, reference was made to the \$122,400 mortgage participations outstanding. According

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"to the bank's letter of May 29, 1934, these participations represent participations issued prior to the bank's admission to membership in mortgages held as trust investments. Inasmuch as no such certificates have been issued since the bank's admission to membership, the question of possible violation of condition numbered 12 is not involved.

"In accordance with your letter of July 30, 1934, this reply is confined to the specific questions in connection with The Adirondack Trust Company, disregarding the general questions raised in your letter of June 19, 1934."

Approved.

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

"Receipt is acknowledged of Mr. Young's letter of August 10, 1934, with inclosures, regarding the reorganization of 'The City State Bank of Lowell', Lowell, Michigan, and its proposed merger with 'Lowell State Bank', Lowell, Michigan, a nonmember institution, under the charter of The City State Bank of Lowell and the new title of 'State Savings Bank'.

"The Board has reviewed the information submitted, from which it appears that the transaction will not result in a change in the general character of the member bank's assets or broadening in the functions formerly exercised, such as will tend to effect materially the standard required as a condition of membership. It has also been noted that your counsel is of the opinion that the merger will not result in any change in the corporate status of the bank which will affect its membership in the Federal Reserve System. The Board, therefore, interposes no objection to the transaction."

Approved.

Letter dated September 4, 1934, approved by two members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Bellerose', Bellerose, New York, from \$100,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by \$100,000 of preferred stock to be sold to the Reconstruction Finance Corporation and/or others, that the released capital shall be used to eliminate a

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"corresponding amount of the least desirable assets of the bank, and that the funds received from the sale of preferred stock shall be used in reducing the bank's liability for borrowed money, all as set forth in your memorandum of August 24, 1934."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Lynbrook National Bank & Trust Company', Lynbrook, New York, from \$150,000 to \$50,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$265,000 of preferred stock to the Reconstruction Finance Corporation and/or others, and that the released capital shall be used to eliminate a corresponding amount of the least desirable assets, all as set forth in your memorandum of August 21, 1934."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Farmers National Bank of Princeton', Princeton, Kentucky, from \$75,000 to \$30,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$25,000 of preferred stock to the Reconstruction Finance Corporation, and that the released capital, a portion of the surplus and a voluntary contribution of \$10,000 to be made by local interests, shall be used to eliminate approximately \$65,000 of substandard assets, all as set forth in your memorandum of August 10, 1934.

"This approval supersedes the Board's approval of January 25, 1934.

"The latest report of examination of the subject bank includes severe criticism of the trust department. It is understood, however, that this matter has been receiving the attention of your office and that corrections have been or are being made which will place that department in a generally satisfactory condition.

"It is also understood from information in your files that the management of this institution, which was severely criticised

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"by your examiner, is being strengthened by the appointment of a new president."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Union City National Bank', Union City, Michigan, from \$50,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$25,000 of preferred stock to the Reconstruction Finance Corporation and that the released capital, together with a portion of surplus and undivided profits, shall be used to eliminate approximately \$40,000 of unsatisfactory assets, all as set forth in your memorandum of August 20, 1934."

Approved.

Letter dated September 4, 1934, approved by two members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Hereford', Hereford, Texas, from \$50,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$25,000 of preferred stock to the Reconstruction Finance Corporation, and that the released capital shall be used in eliminating or reducing a corresponding amount of undesirable assets, all as set forth in your letter dated August 21, 1934."

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, stating that the Board has given consideration to the application of the "Silver Springs Shareholders, Inc.", Silver Springs, New York, for a voting permit under the authority of section 5144 of the Revised Statutes of the United States, as amended,

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entitling such organization to vote the stock which it owns or controls in 'The Silver Springs National Bank', Silver Springs, New York, and has authorized the issuance of a limited permit to the applicant, subject to the following conditions:

"Prior to the issuance of the limited voting permit authorized herein, applicant shall agree as follows:

First. That within such time as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York (hereinafter referred to as the Federal Reserve Agent), and in any event prior to December 1, 1934, the undersigned will charge off or otherwise eliminate from its assets (a) carrying value of subsidiary bank's stock in excess of the adjusted value of such stock, amounting to \$92,193.75 after giving effect to items (a) and (d) in Second below and allowing credit for net appreciation in securities as shown by the report of examination made by a national bank examiner as of May 12, 1934, and (b) deferred organization expenses amounting to \$326.14;

Second. That the undersigned will cause The Silver Springs National Bank, if it has not already done so, to charge off or otherwise eliminate from its assets (a) all estimated losses in loans and discounts, (b) all depreciation in stocks and defaulted securities, (c) all depreciation in securities not in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating and grading securities, and (d) all other losses, based upon the report of examination made by a national bank examiner as of May 12, 1934, or a more current report if such is available, or with respect to items (b) and (c) a current appraisal of the listed securities, the amounts and extent of the charge-offs or eliminations to be satisfactory to the Federal Reserve Agent;

Third. That, until such time as in the opinion of the Comptroller of the Currency and the Federal Reserve Agent all estimated losses have been provided for and earnings are sufficient to justify the payment of dividends, the undersigned will cause The Silver Springs National Bank to conserve its earnings and not declare or pay dividends on its common stock without first receiving the approval of the Comptroller of the Currency and the Federal Reserve Agent; and

Fourth. That the undersigned will make, or will cause The Silver Springs National Bank to make, such corrections as shall be requested by the Federal Reserve Agent in order to remove the cause of any criticism relating to such bank's

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"practices, policies, management or financial condition which has been made by the appropriate supervisory authorities."

and for the following purposes:

"To elect directors of such bank at the annual meetings of shareholders, or at any adjournments thereof, at any time prior to February 1, 1935, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such bank."

The telegram authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Silver Springs Shareholders, Inc., a limited voting permit in accordance with the telegram, and requested that he keep in touch with the affairs of the applicant and the bank, especially with respect to management, and to advise the Board at a later date of his recommendation as to the granting of a general voting permit.

Approved.

Letter dated September 1, 1934, approved by two members of the Board, to the Federal Reserve Agents at all Federal Reserve Banks, reading as follows:

"In order that the Board may be kept currently informed as to the activities of your bank with regard to applications for industrial advances or for commitments to make industrial advances, it will be appreciated if you will submit to the Board reports as of close of business each Wednesday on Forms B-22 and B-22a, a supply of which is inclosed.

"In addition to the information required to be shown on BD-4 schedules covering industrial advances and commitments, outlined in the Board's letters B-1003 and B-1004 of July 25, please show in the case of each advance and each commitment the character of business of the borrower and the gross business receipts of the borrower during each of the past five years. Please also furnish the Board with corresponding data covering loans and commitments for which schedules have already been sent to the Board.

"It will also be appreciated if you will furnish the Board

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"a statement showing the following information as of close of business Wednesday, September 5, for each advance (as distinguished from commitment) which has been approved by your bank but under which no disbursements have been made: (1) Name and location of borrower, (2) character of business, (3) amount to be advanced by Federal Reserve bank, (4) whether the advance is to be made direct or through a financing institution, (5) gross business receipts during each of past five years. It is further requested that you submit a report as of each Wednesday thereafter showing similar information for each advance approved during the week but on which no disbursements have been made.

"In order that the Board may be more fully advised as to the effect which the activities of the Federal Reserve banks under Section 13b are having on the general credit situation, it will be appreciated if you will write the Board a letter as of each Wednesday night giving such details as are available regarding each industrial loan or commitment made by financing institutions that would probably not have been made had the Reserve banks no authority to make industrial loans. Kindly also include in this letter such additional information as you have been in the habit of sending the Board on Saturdays in response to the Board's telegram Trans 2044 of July 21.

"The Board would appreciate receiving the reports and information called for above on the Monday morning following the Wednesday report date."

Approved.

Letter dated September 4, 1934, approved by two members of the Board, to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of August 20, 1934, concerning loans made by banking institutions under the provisions of Section 2, Title I of the National Housing Act and, particularly, the classification of such loans by examiners for the Federal Reserve Banks.

"The National Housing Act provides for the insurance of such loans, under the conditions imposed, to an amount not to exceed 20 per cent of the total amount of the loans, advances of credit, and purchases made by each approved financial institution for the prescribed purposes.

"Under Section 3, Title I of the Act, the Administrator is authorized to make loans to institutions insured under Section 2, upon the security of obligations which meet the requirements prescribed under Section 2, for the full face value of the obligations offered as security, subject to such rates, terms and

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"conditions as the Administrator shall determine. Bulletin No. 1, issued by the Federal Housing Administration August 10, 1934, contains the following statement:

'Liquidity is assured by an agreement of the Federal Housing Administration incorporated in the Contract of Insurance, to advance cash to any financial institution demonstrating the need for same, at any time, up to the full face value of all outstanding insured notes in good standing.'

"It is further explained in the Bulletin that such rediscount facilities are not intended for use in order to obtain government money to lend but are to assure the ability of the financial institution to raise cash against such receivables in case of emergency.

"The Board feels that the examiners for the Federal Reserve Banks should be instructed that no part of the loans made under the provisions of Section 2, Title I of the National Housing Act should be classified as slow, doubtful, or loss so long as the insurance provided by the Federal Housing Administration adequately covers the loans or portions thereof which might otherwise be so classified. It is understood that similar instructions have been issued by the Comptroller of the Currency to all national bank examiners.

"It is understood that, if you have not already done so, you will receive copies of the regulations of the Federal Housing Administration from that organization."

Approved, together with a letter, also dated September 4, 1934, to the Federal reserve agents at the other Federal reserve banks, transmitting copies of the letter to Mr. Williams.

Letters dated August 30, 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. Oliver S. Hawes, for permission to serve at the same time as a director of The Fall River Morris Plan Company, Fall River, Massachusetts, and as a director and officer of The Fall River National Bank, Fall River, Massachusetts.

Mr. Thomas E. Lahey, for permission to serve at the same time as a director of The Fall River Morris Plan Company, Fall River, Massachusetts, and as a director of The Fall River National Bank, Fall River, Massachusetts.

Mr. Asa A. Mills, for permission to serve at the same time as a director of The Fall River Morris Plan Company, Fall River,

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Massachusetts, and as a director and officer of The Fall River National Bank, Fall River, Massachusetts.

Mr. Everett B. Mills, for permission to serve at the same time as a director of The Fall River Morris Plan Company, Fall River, Massachusetts, and as a director of The Fall River National Bank, Fall River, Massachusetts.

Mr. Everett N. Slade, for permission to serve at the same time as a director and officer of The Fall River Morris Plan Company, Fall River, Massachusetts, and as a director of The Fall River National Bank, Fall River, Massachusetts.

Approved, together with a letter also dated August 30, 1934, and approved by three members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, inclosing copies of the permits; suggesting that he advise Messrs. Hawes, A. A. Mills and E. B. Mills that it is with the expectation that they will improve their attendance at directors' meetings of the Morris Plan Company that the permits have been granted, and requesting that, when the agent submits his recommendations as a result of his annual review of the permits, he report fully as to the attendance of these directors at directors' meetings.

Letters dated August 29, 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. James M. Cavanagh, for permission to serve at the same time as a director and officer of the Federal Trust Company, Newark, New Jersey, and as a director of the Kearny National Bank, Kearny, New Jersey.

Mr. C. W. Feigenspan, for permission to serve at the same time as a director and officer of the Federal Trust Company, Newark, New Jersey, and as a director and officer of the Kearny National Bank, Kearny, New Jersey.

Mr. Albert T. Martin, for permission to serve at the same time as an officer of the Federal Trust Company, Newark, New Jersey, and as a director of the Kearny National Bank, Kearny, New Jersey.

Mr. Frank C. Mindnich, for permission to serve at the same time as a director and officer of the Federal Trust Company, Newark,

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New Jersey, and as a director and officer of the Kearny National Bank, Kearny, New Jersey.

Approved, together with a letter, also dated August 29, 1934, and 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 are inclosed copies of Clayton Act permits issued to Messrs. Frank C. Mindnich, C. W. Feigenspan, James M. Cavanagh and Albert T. Martin to serve as directors and/or officers of the Federal Trust Company, Newark, New Jersey, and Kearny National Bank, Kearny, New Jersey.

"In considering these applications it was noted that plans for strengthening the capital structure and eliminating undesirable assets in the Federal Trust Company had been formulated, but the information now in hand does not indicate that any definite conclusions have been reached with respect to the rehabilitation of Kearny National Bank. It appears that in 1931 the Federal Trust Company and allied interests organized Kearny National Bank to take over The Kearny National Bank which was insolvent. The report of examination of Kearny National Bank, as of April 29, 1934, indicated doubtful assets, estimated losses and securities depreciation approximately \$174,000 in excess of the bank's capital, surplus and undivided profits plus voluntarily subordinated deposits. Assets classed as slow amounted to \$461,000 and other real estate owned totaled \$151,000, of which \$10,000 was estimated as loss but of which no part was classed as slow or doubtful. Because of the apparently serious situation in Kearny National Bank, the Board suggests that you endeavor, in cooperation with the appropriate supervisory authorities, to bring about a rehabilitation of that bank.

"It was also noted that loans of the Federal Trust Company in the amount of \$568,000 to Director Feigenspan and his interests were classed as slow in the report of examination of the bank as of May 22, 1934, and that portions of the loans of the Federal Trust Company to the other applicants involved, or their families, were classed as loss. In granting the permits the Board has given consideration to the financial condition of the Feigenspan interests and the earning capacity of the other applicants as set forth in the report of examination, and to the favorable comments concerning the management of each of the two banks involved contained in the reports of your office accompanying the applications. It is felt, however, that careful attention should be given to the situation with regard to the indebtedness of the applicants to the Federal Trust Company.

"The Board requests 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 improvement

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"in the condition of Kearny National Bank and in the lines of credit extended by the Federal Trust Company to the applicants who are now receiving permits."

Letter dated August 30, 1934, approved by three members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, inclosing the following Clayton Act permit for transmission to the applicant; suggesting that the agent advise the applicant of the Board's views as expressed in the letter with regard to attendance at directors' meetings; and requesting that, when he submits his recommendation as a result of his annual review of the permit, he report fully as to the applicant's attendance at directors' meetings of the Roxbury bank:

Mr. Charles C. Huitt, for permission to serve at the same time as a director and officer of the Ampere Bank and Trust Company, East Orange, New Jersey, as a director and officer of The Dunbar National Bank of New York, New York, New York, and as a director and officer of The National Bank of Roxbury, Roxbury, New York.

Approved.

Letter dated August 29, 1934, approved by three members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, inclosing the following Clayton Act permit, and requesting that the agent withhold delivery of the permit until he is satisfied that Section 8A of the Clayton Act does not apply to the applicant's service as treasurer of Carroll Securities, Incorporated, Trenton, New Jersey, in which event the agent is authorized to transmit the permit to the applicant. The letter also stated that there was some hesitance on the part of the Board in deciding to grant this permit because of the past record of the banks involved and particularly

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that of the State bank and the fact that the applicant no doubt had a share in the responsibility therefor, and the Board desires that when the agent submits his report as a result of his annual review of the permit he advise the Board specifically with reference to the quality of the services rendered by Mr. Haverstick and whether, in the agent's opinion, he has measured up fully to his responsibilities as a director of each bank and as a member of the executive committee of the State bank.

Mr. Samuel Haverstick, for permission to serve at the same time as a director of The Yardville National Bank, Yardville, New Jersey, and as a director of the Hanover-Capital Trust Company, Trenton, New Jersey.

Approved.

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

Mr. Thomas P. Littlepage, for permission to serve at the same time as a director and officer of the Liberty National Bank of Washington, Washington, D. C., and as a director and officer of the Bank of Bowie, Bowie, Maryland.

Approved, together with a letter dated August 30, 1934, also approved by three members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"On May 28, 1934, the Board advised you that it had given consideration to the application of Mr. Thomas P. Littlepage, Union Trust Building, Washington, D. C., for permission under the provisions of the Clayton Act to serve at the same time as director of Liberty National Bank of Washington, Washington, D. C., and as director of Bank of Bowie, Bowie, Maryland, and upon the basis of the information before it, held that the issuance of the permit applied for would be incompatible with the public interest. The Board's action upon the application was based largely upon the nature and use which the applicant

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"and his interests had made of the credit facilities of the Liberty National Bank and the Bank of Bowie and upon the involved condition of the applicant's financial affairs. Subsequently, in accordance with Section V (g) of Regulation L, additional facts and arguments not appearing in his application and accompanying forms were submitted for the consideration of the Board. From the additional information submitted by the applicant it appears that Mr. Littlepage is reducing his indebtedness and that both banks desire the continuation of his service.

"In view of the foregoing and in accordance with your recommendation, the Board has approved the application of Mr. Littlepage and there is inclosed a copy of the permit covering his service as director and officer of Liberty National Bank of Washington, Washington, D. C., and as director and officer of Bank of Bowie, Bowie, Maryland. The Board suggests, however, that you review this case prior to December 1, 1934, in the light of the applicant's financial affairs and his indebtedness to both banks as revealed by current examination reports, and report fully thereon as to your conclusions.

Letter dated August 30, 1934, approved by three members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, inclosing the following Clayton Act permit for transmission to the applicant; suggesting that the agent advise the applicant that it is with the expectation that he will improve his attendance at directors' meetings of the national bank that the permit has been granted; and stating that the Federal Reserve Agent at the Federal Reserve Bank of Chicago has been requested, when he submits his recommendation as a result of his annual review of Mr. Westerman's permit, to report fully as to the applicant's attendance at directors' meetings of the national bank:

Mr. F. C. Westerman, for permission to serve at the same time as a director and officer of The Orange City National Bank, Orange City, Iowa, and as a director of the Citizens State Bank, Montgomery, Minnesota.

Approved.

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Letter dated August 31, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, inclosing the following Clayton Act permit, and requesting that the agent ascertain the status of the charges against Mr. Mullendore in connection with a possible violation by him of Section 22(g) of the Federal Reserve Act; and stating that, in the event the case has been duly considered and closed without prosecution, the agent is authorized to release the Clayton Act permit to the applicant. The letter also requested that, when the agent submits his recommendation as a result of his annual review of the permit, he report fully as to whether Mr. Mullendore has further violated any provisions of the law.

Mr. R. F. Mullendore, for permission to serve at the same time as a director and officer of The National Bank of Commerce of Hominy, Hominy, Oklahoma, and as a director of The Cleveland National Bank, Cleveland, Oklahoma.

Approved.

Letter dated August 31, 1934, approved by two members of the Board, to Mr. McClure, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, inclosing the following Clayton Act permit, stating that the Board understands that the First National Bank in Blackwell is in process of organization and that the organization plans have been approved by the Comptroller of the Currency; and requesting that the agent hold the Clayton Act permit until the new Blackwell bank has been granted a charter and has opened for business, at which time he is authorized to release the permit to Mr. Goodson:

Mr. Ola Goodson, for permission to serve at the same time as a

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director and officer of the First National Bank in Blackwell, Blackwell, Oklahoma, and as a director of The Stillwater National Bank, Stillwater, Oklahoma.

Approved.

Letters dated August 30, 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. Harry P. Gifford, for permission to serve at the same time as a director of The Salem Morris Plan Company, Salem, Massachusetts, as a director of The Warren National Bank of Peabody, Peabody, Massachusetts, and as a director of the Day Trust Company, Boston, Massachusetts.

Mr. Carl F. A. Morse, for permission to serve at the same time as a director and officer of The Merchants National Bank of Salem, Salem, Massachusetts, and as a director and officer of The Salem Morris Plan Company, Salem, Massachusetts.

Mr. John A. Hunnewell, for permission to serve at the same time as a director and officer of The Appleton National Bank of Lowell, Lowell, Massachusetts, and as a director and officer of The Lowell Morris Plan Company, Lowell, Massachusetts.

Mr. James H. Leighton, for permission to serve at the same time as a director of The Appleton National Bank of Lowell, Lowell, Massachusetts, and as a director of The Lowell Morris Plan Company, Lowell, Massachusetts.

Mr. Robert F. Marden, for permission to serve at the same time as a director of The Appleton National Bank of Lowell, Lowell, Massachusetts, and as a director and officer of The Lowell Morris Plan Company, Lowell, Massachusetts.

Mr. George H. Runels, for permission to serve at the same time as a director and officer of The Appleton National Bank of Lowell, Lowell, Massachusetts, and as a director and officer of The Lowell Morris Plan Company, Lowell, Massachusetts.

Mr. Fred D. McGregor, for permission to serve at the same time as a director and officer of the Haverhill Morris Plan Company, Haverhill, Massachusetts, and as a director of The Haverhill National Bank, Haverhill, Massachusetts.

Mr. T. I. Hare Powel, for permission to serve at the same time as a director of the Newport Trust Company, Newport, Rhode

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Island, and as an employee of The Providence National Bank, Providence, Rhode Island.

Mr. Robert H. Russell, for permission to serve at the same time as a director of the Holyoke National Bank, Holyoke, Massachusetts, and as a director of the Morris Plan Company, Holyoke, Massachusetts.

Mr. E. A. Johnson, for permission to serve at the same time as an employee of The First National Bank in Sioux City, Sioux City, Iowa, and as a director of The Orange City National Bank, Orange City, Iowa.

Mr. W. S. Slagle, for permission to serve at the same time as a director of The Orange City National Bank, Orange City, Iowa, and as a director and officer of the Alton Savings Bank, Alton, Iowa.

Approved.

Letters dated August 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. W. P. Dwelle, for permission to serve at the same time as a director of the Cedar Point State Bank, Cedar Point, Kansas, and as a director and officer of The Farmers and Drovers National Bank of Marion, Marion, Kansas.

Mr. J. J. Klenda, for permission to serve at the same time as a director and officer of the Pilsen State Bank, Pilsen, Kansas, and as a director of The Farmers and Drovers National Bank of Marion, Marion, Kansas.

Mr. T. W. Spachek, for permission to serve at the same time as a director and officer of the Pilsen State Bank, Pilsen, Kansas, and as a director and officer of The Farmers and Drovers National Bank of Marion, Marion, Kansas.

Mr. George Yoxall, for permission to serve at the same time as a director and officer of The Stockton National Bank, Stockton, Kansas, and as a director of the Rooks County State Bank, Woodston, Kansas.

Mr. O. G. Thomas, for permission to serve at the same time as a director and officer of the Bank of Ringgold, Ringgold, Louisiana, and as a director of The First National Bank of Arcadia, Arcadia, Louisiana.

Approved.

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Letter dated August 31, 1934, approved by three members of the Board, to the following applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. Harold J. Roig, for permission to serve at the same time as a director of the Grace National Bank of New York, New York, New York, and as a director of Grace Brothers & Company, Ltd., London, England.

Approved.

Letters dated August 31, 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. A. C. Adams, for permission to serve at the same time as a director and officer of The Cleveland National Bank, Cleveland, Oklahoma, and as a director and officer of The National Bank of Commerce of Hominy, Hominy, Oklahoma.

Mr. James E. Berry, for permission to serve at the same time as a director and officer of The Stillwater National Bank, Stillwater, Oklahoma, as a director and officer of The First National Bank of Cushing, Cushing, Oklahoma, and as a director of The Farmers State Bank, Ripley, Oklahoma.

Mr. Thomas N. Berry, for permission to serve at the same time as a director and officer of The First National Bank of Cushing, Cushing, Oklahoma, as a director and officer of The Stillwater National Bank, Stillwater, Oklahoma, and as a director and officer of The Farmers State Bank, Ripley, Oklahoma.

Mrs. E. J. Blank, for permission to serve at the same time as a director of The First National Bank of Cushing, Cushing, Oklahoma, and as a director of The Farmers State Bank, Ripley, Oklahoma.

Mr. L. D. Edgington, for permission to serve at the same time as a director and officer of The First National Bank at Ponca City, Ponca City, Oklahoma, and as a director and officer of The National Bank of Commerce of Hominy, Hominy, Oklahoma.

Mr. G. K. Laughlin, for permission to serve at the same time as a director and officer of The First National Bank of Cushing, Cushing, Oklahoma, and as a director and officer of The Farmers State Bank, Ripley, Oklahoma.

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Mr. E. C. Mullendore, for permission to serve at the same time as a director and officer of The Cleveland National Bank, Cleveland, Oklahoma, as a director and officer of The First National Bank of Cushing, Cushing, Oklahoma, and as a director of The Stillwater National Bank, Stillwater, Oklahoma.

Mr. E. C. Mullendore, Jr., for permission to serve at the same time as a director of The First National Bank of Pawnee, Pawnee, Oklahoma, and as an officer of The Cleveland National Bank, Cleveland, Oklahoma.

Approved.

There was read a letter dated August 30, 1934, from Mr. Francis Marion Law, President of the American Bankers Association, suggesting that consideration be given by the Board to the advisability of calling a meeting of the governors of Federal reserve banks during the annual convention of the American Bankers Association, which will be held in Washington on October 22-25, 1934.

It was decided that Mr. Thomas should discuss the suggestion with the governors of Federal reserve banks who will meet in Washington tomorrow as members of the Legislative Committee, and that, if they favor the suggestion, Mr. Thomas should take the matter up with Governor Calkins, Chairman of the Governors' Conference.

Mr. Thomas reported that, in accordance with the action taken at the meeting of the Executive Committee of the Board on August 29, 1934, he had discussed with representatives of the Federal Deposit Insurance Corporation and Mr. Karl A. Crowley, Solicitor of the Post Office Department and other representatives of that department, the matter of the Postal Savings System permitting the withdrawal, without notice, of Postal Savings deposits and paying the accrued interest thereon. He stated that Mr. L. E. Birdzell, General Counsel of the Federal Deposit Insurance Corporation, had prepared a

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memorandum to the effect that the payment of interest in such cases is in violation of section 8 of the Postal Savings Act, as amended by the Banking Act of 1933; that this memorandum had been submitted to the representatives of the Post Office Department, together with a copy of the Board's Regulation Q and of the Board's letter of May 8, 1934 (X-7890), to all Federal reserve banks, with regard to the classification of time and savings deposits; and that while no decision was reached at the conference, the representatives of the Post Office Department had stated that they would study the matter and advise the Board of the decision reached.

In connection with the above, reference was made to the decision reached at the meeting of the Executive Committee of the Board on August 29, 1934, that no change should be made at this time in the maximum rate of interest of 3% on time and savings deposits prescribed in the Board's Regulation Q, and the question was raised as to whether the Federal reserve banks should be advised of that decision.

Upon motion by Mr. O'Connor, the Secretary was requested to prepare a letter to all Federal reserve agents advising of the decision.

Mr. Thomas stated that, following the meeting of the Executive Committee on August 29, 1934, he had taken up with the West Publishing Company the question of the publication of a revised edition of the Federal Reserve Act, and had been advised that it would not be possible for representatives of the company to come to Washington to confer on the matter until the latter part of September. He said that, in view of this information, he had conferred again with Mr.

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Wyatt, General Counsel, and the decision had been reached, subject to the approval of the Board, that the Legal Division should undertake immediately the work of preparing a revised edition of the Act which will be printed as promptly as possible, with the understanding that a representative of the West Publishing Company will be invited to come to Washington in order that the Board may have the benefit of his views. It was also proposed, Mr. Thomas said, that the Legal Division begin immediately to bring the Board's Digest of Rulings up to date in order that it may be published as soon as possible.

After discussion, the procedure suggested by Mr. Thomas was approved, with the understanding that when the revised editions of the Act and Digest of Rulings are ready to be printed, the procedure to be followed in arranging for printing will be submitted to the Board for approval.

Mr. Morrill stated that Mr. Frederick P. H. Siddons, President of the District of Columbia Bankers' Association, had called on the telephone and stated that a meeting of the members of the association is being planned for September 24, to which will be invited the directors of the banks represented, for the purpose of an informal discussion of the requirements of the Securities Exchange Act of 1934; that the meeting will not be public; that Mr. James M. Landis, Commissioner of the Securities Exchange Commission, has accepted an invitation to attend; and that the association would like to have a member of the Board's staff present to explain the provisions of the act which are administered by the Federal Reserve Board.

Mr. O'Connor moved that Mr. Thomas be requested to attend the meeting and to take with him such

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members of the Board's staff as he thinks desirable.

Carried.

At the request of Mr. Thomas, there was read a letter dated August 31, 1934, from Governor Black, together with an inclosed letter received by him from the President of the Mandeville Mills, Carrollton, Georgia, expressing appreciation of the expeditious manner in which the company's application for an industrial loan was handled by the Federal Reserve Bank of Atlanta.

Noted.

Mr. Thomas stated that on August 16, 1934, he had sent to the Secretary of the President, at the latter's request, a tabulation showing the amount of industrial loans and commitments approved by the industrial advisory committees and the Federal reserve banks and the amount actually disbursed by the banks in connection with such loans, and that he had prepared today a rough draft of a letter to the President giving additional information received from the Federal reserve banks. The draft of letter was read and Mr. Thomas stated that he had not had an opportunity to check the accuracy of the statements contained in the letter against the information received from the Federal reserve banks.

Mr. O'Connor moved that the letter, with such changes as are found necessary to bring it into agreement with the information received from the Federal reserve banks, be approved.

Carried.

Mr. Thomas was authorized to send a copy of the letter to the Secretary of the Treasury for his information.

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Mr. Thomas raised for further consideration the question whether there are any additional steps which the Board could take to aid the industrial loan program. The matter was discussed and the suggestion made that the Board devise some method of advising the public promptly of the activities of the Federal reserve banks in connection with industrial loans, as well as other important matters concerning the Federal Reserve Board and the Federal Reserve System.

At the conclusion of the discussion, Mr. O'Connor moved that Mr. Thomas be requested to give consideration to the suggestion and submit recommendations to the Board as to the advisability of, and the method to be used in, making public currently information with regard to important matters concerning the Federal Reserve System.

Carried.

Mr. Morrill reported that the National Capital Park and Planning Commission had advised that the survey to be made of the site for the Board's building on Constitution Avenue is now under way, and that a report probably will be received by the Commission tomorrow; that the cost of outstanding obligations of the Treasury for the purposes of the agreement made by the Board with the Secretary of the Treasury is being determined; and that it is hoped that a report will be submitted to the Board shortly. Mr. Morrill said also that reports had been received showing the borings made on the lots north and south of the building site, and that the National Park Service had suggested that when title is transferred, the Board authorize it to arrange for such borings on the building site as may be necessary to determine foundation requirements. Other questions in connection with the Board's building were discussed, but no action was taken.

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There were then presented the following applications for changes in stock of Federal reserve banks:

<u>Applications for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 3.</u>		
First National Bank at Patton, Patton, Pennsylvania	62	
The City National Bank of Pottsville, Pottsville, Pennsylvania	<u>150</u>	212
<u>District No. 9.</u>		
First National Bank of Crystal Falls, Crystal Falls, Michigan	36	36
<u>District No. 11.</u>		
The Farmers National Bank of White Deer, White Deer, Texas	36	36
	<u>Total</u>	<u>284</u>

<u>Applications for ADDITIONAL Stock:</u>		
<u>District No. 2.</u>		
Citizens and Farmers Trust Company, Adams, New York	60	
Lafayette National Bank of Brooklyn in New York, New York, New York	60	
The First National Bank of Southampton, Southampton, New York	<u>60</u>	180
<u>District No. 5.</u>		
The First National Bank of Chestertown, Chestertown, Maryland	3	
The First National Bank of North East, North East, Maryland	3	
The First National Bank of Southern Maryland of Upper Marlboro, Upper Marlboro, Maryland	30	
The National Bank of Burlington, Burlington, North Carolina	15	
The First National Bank of Salisbury, Salisbury, North Carolina	1	
American National Bank & Trust Company of Danville, Danville, Virginia	3	
The First & Peoples National Bank of Gate City, Gate City, Virginia	30	
The Peoples National Bank of Leesburg, Leesburg, Virginia	30	
The Round Hill National Bank, Round Hill, Virginia	1	116
	<u>Total</u>	<u>296</u>

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<u>Application for SURRENDER of Stock:</u>	<u>Shares</u>	
<u>District No. 7.</u>		
The Langlade National Bank of Antigo, Antigo, Wisconsin	120	120

Approved.

Thereupon the meeting adjourned.

Chester Moriel
Secretary.

Approved:

J. J. Lewis
Vice Governor.