A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Thursday, September 20, 1934, at 11:00 a.m.

PRESENT: Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. Szymczak
Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

The Committee considered and acted upon the following matters:

Telegram dated September 20, 1934, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, and Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, both advising that, at meetings of the boards of directors today, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

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

"Receipt is acknowledged of your letter of August 15, 1934, inclosing statements with regard to indebtedness of certain employees in the Federal reserve agent's department at the Federal Reserve Bank of Philadelphia. There has also been received Mr. Mill's letter of August 22, 1934, advising that the three employees whose reports of indebtedness were not available at the time your letter of August 15 was written, have advised that they have no indebtedness.

"You state that several of the members of your department in some way obtained the impression that only loans from banks were to be reported and others assumed that, as periodic reviews of indebtedness of each employee would be made, reports were not required at the time each obligation was created. It is noted that you have brought again to the attention of all of the members of your department the request contained in the Board's letter of April 29, 1933, that there should be a prompt report of any indebtedness of any kind incurred by any member of your staff..."
"(excluding only current bills for ordinary personal and household expenses). As soon as any such reports are received by you they should be forwarded to the Board and, as requested in its letter of June 5, 1934, reports should be sent to the Board as of January 1 and July 1 of each year with regard to the status of the indebtedness previously reported.

"The report of indebtedness of Mr. C. A. Sienkiewicz, enclosed with your letter of July 11, 1933, stated that his indebtedness in the amount of $650, secured by a mortgage on a dwelling, to the Bucks County Trust Company (which institution in 1932 was merged with the Doylestown National Bank and Trust Company) was incurred in 1926 or 1927. The current report indicates that the indebtedness has been reduced only $150 over a period of seven or eight years, and the Board would appreciate receiving from you a statement as to Mr. Sienkiewicz' plans with regard to the retirement of the obligation.

"Mr. Winthrop B. Greene is shown in your report as being indebted to the Girard Trust Company, a member bank, in the amount of $100.00 and it is stated this indebtedness was incurred 'three or four years ago'. It does not appear from the report that any liquidation is being made of the loan and it is requested that you advise the Board what arrangements have been made by Mr. Greene for its payment.

"Mr. John K. Neeley, assistant examiner, reports that he has requested his co-debtors to place on the market for sale the property purchased by him and others from the Ardmore Building and Loan Association, in order that the agreement may be discharged or that arrangements be made for his withdrawal from the agreement upon payment of his pro rata share of the liability assumed. It will be appreciated if you will advise the Board at the time of the next semi-annual report on the status of indebtedness of employees in your department what, if any, steps have been taken in response to Mr. Neeley's request."

Approved.

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

"This refers to Mr. Fry's letter of August 15, 1934, submitting a request of the Union Trust Company of Maryland, Baltimore, Maryland, for advice as to whether or not the Federal Reserve Board will approve an exchange of common stock of the Hahn Department Stores owned by the Union Trust Company of Maryland for preferred stock of such stores if the trust company is able to arrange with some dealer or individual for a bona fide exchange of the common stock for the preferred
stock on the basis of market values.

"As you were advised in the Board's letter of August 6, 1934, the Board concurs in the conclusion of your counsel that if the bank sells for cash the common stock which it now owns of the Hahn Department Stores, the use of the proceeds to acquire preferred stock of the same company would constitute a purchase of stock in violation of the provisions of the Federal Reserve Act.

"The manner in which the proposed transaction is to take place is still not altogether clear, but, while not undertaking to pass upon the advantages of the exchange, the Board will interpose no objection to the exchange by the bank on the basis of market values of the common stock it now owns of the Hahn Department Stores for preferred stock of the same corporation, provided that the exchange is a bona fide transaction and not a device to circumvent the restrictions pertaining to the purchase of stock and that the exchange is a step in effecting the liquidation of the common stock now held by the bank.

"On July 25, 1934, the Board extended to April 30, 1935, the time within which the Union Trust Company of Maryland might dispose of any stocks which it then held and which had been acquired in satisfaction or protection of debts previously contracted in good faith and the time within which the preferred stock to be acquired in the proposed exchange must be disposed of would expire on the latter date, assuming, of course, that all of the common stock involved in the proposed exchange was held by the trust company on July 25, 1934. If any of the common stock to be exchanged has been acquired subsequent to July 25, 1934, the time within which the preferred stock received in exchange therefor must be disposed of in accordance with condition numbered 7 will date from the time of the acquisition of the common stock to be exchanged and not from the time of the acquisition of the preferred stock.

"The Board's general views as to the holding of stocks by a bank were expressed in the Board's letter of November 20, 1933, advising of the approval of the bank's application for membership, and again in the Board's letter to you of July 25, 1934."

Approved.

Letter to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of September 7, 1934, advising that in accordance with the provisions of condition of membership numbered 8 the 'Cashmere Valley Bank', Cashmere, Washington, has requested permission to invest the sum of $6,000 in the purchase of the building of which it now occupies the ground floor."
"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 $6,000, 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 the banking quarters which it proposes to acquire."

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 'Bolton National Bank of Bolton Landing', Bolton Landing, New York, from $50,000 to $25,000, pursuant to a plan which provides that the bank's capital shall be increased by $35,000 of preferred stock to be sold to the Reconstruction Finance Corporation and/or others, and that the released capital, together with the bank's surplus, shall be used to eliminate a corresponding amount of unsatisfactory assets, all as set forth in your memorandum of September 10, 1934.

"It is understood that the plan of reduction in common capital of the subject bank hereby approved supersedes the one approved by the Board on February 7, 1934.

"In considering the plan under which the proposed reduction in common capital is to be effected, it was noted that securities depreciation unprovided for, if considered as a loss, would cause a substantial impairment of the bank's remaining common capital. It is assumed, however, that you have this condition in mind and that whenever it becomes feasible to do so you will obtain such further corrections as may be practicable."

Approved.

Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:
Reference is made to the applications of 'Central United Company' and 'Central United National Bank of Cleveland', both of Cleveland, Ohio, for permits under the provisions of Section 5144 of the Revised Statutes of the United States, as amended, to vote the shares owned or controlled by them of 'Central National Bank of Chardon', Chardon, Ohio. In ANCIGAR telegrams dated February 8, 1934, the Board authorized the issuance of limited permits to vote the stock of the subsidiary bank for the following purposes:

1. 'To elect directors of such bank at any meeting of its shareholders, or at any adjournment thereof, at any time prior to May 1, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meeting of such bank.

2. 'At any time prior to May 1, 1934, to act upon a proposal or proposals to authorize and effect an increase in the capital funds of such bank and to do all things necessary for such purpose provided that such proposal or proposals shall be in accordance with a plan or plans which shall be satisfactory to the appropriate supervisory authorities and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland.'

The Board's ANCIGAR telegrams authorized the issuance of the limited permits on condition that the applicants should execute agreements providing in substance that (1) within such time as should be fixed by the Federal Reserve Agent at Cleveland (and in the case of Central United National Bank of Cleveland, prior to May 1, 1934) Central United National Bank of Cleveland and Central National Bank of Chardon should charge off or otherwise eliminate, if they had not already done so (a) estimated losses in loans and discounts, (b) depreciation in stocks and defaulted securities, (c) depreciation in securities not of the four highest grades, (d) all other losses; (2) all assets charged off or otherwise eliminated should remain the property of the respective banks; (3) such banks should make such corrections as might be requested by the Federal Reserve Agent at Cleveland to remove the cause of any criticism relating to any feature of their practices, policies, management or financial condition which had been made by the appropriate supervisory authorities; and (4) in the case of Central United National Bank of Cleveland, such bank would rehabilitate its capital structure in an amount satisfactory to the appropriate supervisory authorities and the Federal Reserve Agent at Cleveland (such rehabilitation to be effected prior to May 1, 1934).

Your letter of June 15, 1934 stated that Central United
"National Bank of Cleveland had increased its capital structure by approximately $8,000,000 through the sale of preferred stock to the Reconstruction Finance Corporation; that W. G. Given, former Banking Commissioner of the State of West Virginia, had been elected vice president of Central United National Bank of Cleveland, apparently to strengthen the management of such bank and presumably in order that the Reconstruction Finance Corporation might have intimate knowledge of the affairs and conduct of the bank; that Central United National Bank of Cleveland and Central National Bank of Chardon had both made such charge-offs following the latest examinations as had been required by the Comptroller of the Currency and that the conditions of the charge-offs were reported by the Chief National Bank Examiner for the Fourth Federal Reserve District as satisfactory to him; that you were satisfied that all conditions had been met so far as they could be within the limitations of the capital structure of Central United National Bank of Cleveland and the requirements of the Comptroller of the Currency in respect to required charge-offs; and that by reason of the facts recited you recommended to the Board the granting of the voting permits as covered in the Board's ANCIGAR telegrams of February 8, 1934.

The report of examination of Central United National Bank of Cleveland made as at the close of business October 2, 1933 indicated that, although estimated depreciation and losses in securities aggregated $1,547,792.03 ($1,233,605.63 in the lower grades), only $292,285.56 of such depreciation was classified as loss by the examiner. The management of the bank was subjected to most serious criticism in the report of examination and information otherwise available indicated that the management was unsatisfactory.

In a letter dated July 26, 1934, Assistant Federal Reserve Agent Fletcher advised regarding the charge-offs made by the Central United National Bank of Cleveland as follows:

<table>
<thead>
<tr>
<th>Amounts Charged Off</th>
<th>Amounts shown on Report of Examination of Oct. 2, 1933 as Losses and Depreciation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and discounts $1,223,454.23</td>
<td>$1,152,129.72</td>
</tr>
<tr>
<td>Overdrafts</td>
<td>87.23</td>
</tr>
<tr>
<td>Investment depreciation</td>
<td></td>
</tr>
<tr>
<td>Other real estate 399,899.98</td>
<td>229,585.56</td>
</tr>
<tr>
<td>Cash items 50,787.42</td>
<td>50,000.00</td>
</tr>
<tr>
<td>Foreign department</td>
<td>31.50</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>1,122.00</td>
</tr>
<tr>
<td>Total 555,652.46</td>
<td>500,000.00</td>
</tr>
<tr>
<td>Total $2,229,594.09</td>
<td>$1,995,755.81</td>
</tr>
</tbody>
</table>
Mr. Fletcher stated that eliminations of $234,000 in excess of the amounts set up in the aggregate by the examiner had been made; and that, in addition to the corrections effected, appreciation in securities of the higher grades approximated $500,000 and a reappraisal of the securities in the lower grades showed an appreciation of approximately $370,000 over the estimated market values as at October 2, 1933. It would appear therefore that the depreciation remaining in lower grade securities would be approximately $470,000, assuming that the charge-offs were not made in the higher grades, or a net depreciation in all securities of approximately $276,000. Mr. Fletcher further stated that the rehabilitation of the capital structure of the Cleveland bank by the sale of $8,000,000 of preferred stock was satisfactory to you and the appropriate supervisory authorities.

Mr. Fletcher also advised that since the banking crisis of 1933 there had been a considerable addition to the personnel of Central United National Bank of Cleveland but that he had not been able to ascertain the extent of the powers to be exercised by the new men, nor was he able to advise as to the extent that the additional men had strengthened the management. The further statement was made that sufficient time, since the addition of such individuals, had not elapsed to determine whether the management of the bank had been materially improved, and that the determination of this fact will be possible only after a review of the achievements of the management during the last half of 1934.

The report of examination of Central National Bank of Chardon made as at the close of business March 20, 1934, indicated that the institution was in satisfactory condition and that the management was well regarded. Net securities depreciation was shown as $2,417.51, none of which was classified as loss in the report of examination.

Mr. Fletcher advised in his letter of July 26, 1934, that the report of earnings and dividends of Central National Bank of Chardon for the period ending June 30, 1934 indicated that losses and depreciation of $3,754.54 had been charged off as compared with doubtful assets ($3,554) and estimated losses ($1,076) of $4,632 as shown by the report of examination as at March 20, 1934. Mr. Fletcher further stated that he did not understand that the Chardon bank contemplated any rehabilitation in its financial structure, and that he believed a permit would not be required to vote for any purpose other than the election of directors and the handling of matters of a routine nature.

It would appear that, with the exception of the requirements with reference to eliminating depreciation in securities and removing the cause of any criticism relating to the practices,
"policies, and management of the Cleveland bank, the require-
ments of the Board in connection with the issuance of limited
permits to the applicants have been substantially met. Since
the information available to the Board relative to the elimina-
tions made and corrections effected by the Cleveland Bank is
not in sufficient detail to base satisfactorily requirements
as to further eliminations to be made prior to the issuance of
the limited permits, it appears desirable to extend the time
limit within which the applicants may exercise voting powers
under such permits. Therefore, on the basis of your recommen-
dations, the Board's ANCIGAR telegrams of February 8, 1934, in
regard to the issuance of limited permits to Central United
Company and Central United National Bank of Cleveland are here-
by amended by substituting 'February 1, 1935' for 'May 1, 1934'
in subdivision 4 following the letter 'C' in the telegram re-
arding the issuance of a limited permit to Central United
National Bank of Cleveland and in subdivision 1 following the
letter 'D' in said telegram and in the telegram regarding the
issuance of a limited permit to Central United Company and by
striking out subdivision 2 following the letter 'D' in each of
such telegrams.

The Board feels that the issuance of general voting per-
mits should be deferred until such time as it has been deter-
mined that the management of Central United National Bank of
Cleveland has been strengthened to such an extent that it is
satisfactory to you and the Comptroller of the Currency, and
that substantial improvement has been made in the policies
and practices of the bank and in the condition of its assets.
It is requested, therefore, that you transmit to the Board the
recommendations of the Executive Committee of the Federal Re-
serve Bank of Cleveland and of yourself regarding the granting
of general permits, whenever the circumstances with reference
to the management, practices and condition of the bank, in
your opinion, warrant further consideration.

Furthermore, before consideration is given to the grant-
ing of general permits, it is considered desirable to have re-
ports of a simultaneous examination of the affiliated banks
and companies in the entire group. The Board does not have
any record of a simultaneous examination of Central United
Company, Central United National Bank of Cleveland, Central
National Bank of Chardon and the affiliated companies as con-
templated in the Board's letter of January 20, 1934, (X-7765)
and Mr. Paulger's letter of February 16, 1934, (Exam. 29).
It is assumed that, if you have not already done so, you will
make the necessary arrangements with the Chief National Bank
 Examiner of your district to have the next regular examina-
tions made simultaneously.
"The report of examination of Central United National Bank of Cleveland as at October 2, 1933, called attention to the manner in which the bank's investment in the stock of The United-Market Square Company was carried in its books of account. It will be appreciated, therefore, if the examiners will present full particulars in their report regarding the acquisition of such stock and whether the bank has any liability in connection with the mortgage on the building (the title to which is held by The United-Market Square Company) which is occupied by the West 25th Street office of the bank. The Board desires your recommendations as to the manner in which such investment should be carried on the books of the bank and shown in its reports of condition and published statements. In this same connection, it is assumed that your examiners will also determine whether or not the investments of the Cleveland bank in the stock of The East Third Company and Hickley Realty, Inc. and the loans to these companies and to Sedgewick, Inc. are being carried in its books of account in an appropriate manner. In the event that such investments and loans are not being appropriately handled on the records of the bank and in its reports and published statements, it will be appreciated if you will advise your opinion as to the manner in which such items should be handled.

"The affiliate report of the Central United Company, Form 2150-E, as at June 30, 1934 was captioned 'Report of an affiliate in liquidation...'. It is assumed, therefore, that the examiners will include information, in their reports of examination, regarding the progress being made in the liquidation of such company and any disposition made of its investment in the shares of Central United National Bank of Cleveland and Central National Bank of Chardon.

"In the event that it should be necessary to vote the shares of Central National Bank of Chardon for any purpose, not authorized by the ANCIGAR telegrams of February 8, 1934, as amended herein, the Board will be glad to give consideration to your recommendations regarding the issuance of a limited permit for the purpose required."

Approved.

Telegram dated September 19, 1934, approved by three members of the Board, to the chairmen of all Federal reserve banks, reading as follows:

"It has been suggested to the Board that it would be desirable for the Chairmen of the Industrial Advisory Committees of the twelve Federal reserve districts to have an opportunity
"to meet with the Federal Reserve Board in Washington for a discussion of the industrial loan activities in which they are concerned STOP The Board feels that such a meeting would be desirable and helpful and therefore extends an invitation through you to the Chairman of the Federal Advisory Committee for your district to meet with it in Washington on Thursday September 27th beginning at ten o'clock a. m. STOP Please advise as soon as possible by wire as to the response of the Chairman in your district to this invitation."

Approved.

Letter dated September 19, 1934, approved by three members of the Board, to the chairmen of all Federal reserve banks, reading as follows:

"Referring to the Board's telegram, Trans 1873, of September 23, 1933, with regard to the reclassification of member banks for electoral purposes, the Board will not require a reclassification at this time, but requests that you review the present classification so far as your district is concerned and advise the Board whether, in your opinion, a reclassification of banks for electoral purposes should be made effective next year and, if so, what changes in the present classification you would recommend.

In this connection, please also advise the Board whether you would favor a reclassification whereby the number of member banks in Group 2 will be approximately one-third of the total number of member banks in the district, with the number of member banks in Group 1 as nearly as may be in the same ratio to the total number of all member banks as the combined capital and surplus of member banks in Group 3 bears to the combined capital and surplus of all member banks.

In submitting your views, please furnish the Board with a statement grouping the member banks in your district according to combined capital and surplus, those having the smallest capital and surplus to be shown first and those having the largest capital and surplus last, together with progressive cumulations of the figures in the manner outlined in the Board's letter X-6159 of October 12, 1928. The capital and surplus of a member bank for this purpose should be the same as that used in determining its required holdings of Federal Reserve bank stock."

Approved.
Telegram dated September 19, 1934, approved by three members of the Board, to the chairmen of all Federal reserve banks, reading as follows:

"Referring to an inquiry received from a Federal Reserve bank, the capital and surplus of a member bank to be used in determining the electoral group in which it belongs for the purpose of election of directors should be the same as that used in determining required holdings of Federal Reserve bank stock."

Approved.

Letter to Governor Young of the Federal Reserve Bank of Boston, reading as follows:

"Mr. Curtiss advised the Board in his letter of August 22, in regard to the effectiveness of the work of the Federal Reserve Bank of Boston and the Industrial Advisory Committee of the First Federal reserve district in the field of industrial advances, that it was your intention to hold meetings in Boston of representative bankers to discuss this new activity of the Federal reserve banks. It will be appreciated if you will advise the Board fully in regard to such meetings as may have been held up to this time.

"For your information, it may be stated that the Board feels that personal contacts with bankers through meetings held for that purpose have proven more valuable than any other means of informing the bankers and enlisting their cooperation and it suggests that, if you have not already done so, you arrange to call meetings of representative bankers in the First Federal reserve district and consider the advisability of having meetings at important centers to be attended by you or Mr. Curtiss and other officials of the Federal reserve bank where you may personally explain and discuss the matter in detail.

"The Board would be glad if you will give this suggestion careful consideration and advise it as to the action you will take, indicating also the dates and places of the proposed meetings."

Approved.

Letter dated September 19, 1934, approved by three members of the Board, to Governor Norris of the Federal Reserve Bank of Philadel-
"As you perhaps know, a number of the other Federal reserve banks have held meetings on industrial loans of representative bankers of their districts in the head office and branch office cities and in some instances in other leading cities. In addition, the Industrial Advisory Committees in certain districts have been active in disseminating information regarding this new activity of the Federal reserve banks and in some instances the radio has been utilized for this purpose. The Board feels that personal contacts with bankers through meetings held for that purpose have proven more valuable than any other means of informing the bankers and enlisting their cooperation and that it is desirable that this practice be followed in all Federal reserve districts. Therefore, it suggests that, if you have not already done so, you arrange to call meetings of representative bankers in the Third Federal reserve district and that in this connection you consider the advisability of having a meeting at Philadelphia, as well as at other important centers, to be attended by you and other officials of the Federal reserve bank, where you may personally explain and discuss the matter in detail.

"The Board will be glad if you will give this matter careful consideration and advise it as to the action you will take, indicating also the dates and places of the proposed meetings."

Approved, together with similar letters, also dated September 19, 1934, and approved by three members of the Board, to Messrs. Seay, Schaller, Hamilton and Calkins, Governors of the Federal Reserve Banks of Richmond, Chicago, Kansas City and San Francisco, respectively.

Letter to Mr. Peyton, Chairman of the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of August 22 in regard to the effectiveness of the work of the Federal Reserve Bank of Minneapolis and the Industrial Advisory Committee of the Ninth Federal reserve district in the field of industrial advances.

"The Board concurs in your views with regard to the need of proper publicity and, as you perhaps know, a number of other Federal reserve banks have held meetings of representative
"bankers of their districts in the head office and branch office cities and in some instances in other leading cities. Moreover, the Industrial Advisory Committees in certain districts have been active in disseminating information regarding this new activity on the part of the Federal reserve banks and in some instances the radio has been utilized for this purpose. The Board feels that personal contacts with bankers, through meetings held for that purpose, have proven more valuable than any other means of informing the bankers and enlisting their cooperation, and that it is desirable that this practice be followed in all Federal reserve districts. Therefore, it suggests that, if you have not already done so, you arrange to call meetings of representative bankers in the Ninth Federal reserve district and that, in this connection, you consider the advisability of having a meeting at Minneapolis and Helena as well as at other important centers to be attended by you or Governor Geery and other officials of the Federal reserve bank where you may personally explain and discuss the matter in detail.

"The Board would be glad if you will give the matter further consideration and advise it as to the action you will take, indicating also the dates and places of the proposed meetings. It might be added that the Board is hopeful that your industrial loan organization may by this time be in a position to handle expeditiously additional loan applications which may be received as a result of such publicity."

Approved.

Letter dated September 19, 1934, approved by three members of the Board, to Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, reading as follows:

"It has been suggested from time to time that arrangements be made by which the board of directors of each Federal reserve bank and possibly also the board of directors of each branch of a Federal reserve bank would meet in Washington with the Federal Reserve Board at some convenient time during each year.

"Such a meeting would enable the directors to discuss with the members of the Federal Reserve Board around the table the questions which are uppermost in their minds with respect to the particular Federal reserve bank or branch and the relations between the two boards. It would afford
"an opportunity for the individual members of the two boards to become personally acquainted with each other and to arrive at a common understanding of their respective points of view.

"It will be appreciated if you will discuss this matter with your board of directors at its next meeting and, if the idea meets with its approval, advise the Board when it might be convenient for the board of directors of your bank to come to Washington for the purpose of such a meeting as has been suggested.

"A similar letter is being written to the Chairman of each of the other Federal reserve banks and when replies have been received from all of them a schedule will be worked out of dates for such meetings as may be desired and if, in the case of your bank, it has been indicated that the idea meets with its approval, you will be advised as to whether the particular date suggested by you will also be convenient for the Board."

Approved, together with similar letters, also dated September 19, 1934, and approved by three members of the Board, to the chairmen of all other Federal reserve banks.

Letter to the Secretary of the Treasury reading as follows:

"As you know, the provisions of the agreement pursuant to section 1613 of the Federal Reserve Act which were contained in your letter of June 26, 1934, addressed to each of the twelve Federal reserve banks, were subsequently made the subject of discussions between the Governor of the Federal Reserve Board and yourself. As a result a revised form of agreement containing certain agreed changes was prepared and the original and a duplicate copy of an agreement as thus revised were furnished by the Treasury Department to the Federal Reserve Board on or about August 15, 1934, for transmission to each Federal reserve bank.

"In accordance with the informal understanding had with the Treasury Department in the matter, the Federal Reserve Board transmitted the originals and duplicate copies of the agreements in question to the respective Federal reserve banks with the advice that the Secretary of the Treasury is prepared to sign the respective agreements when an agreement in the same form has been executed by each of the twelve Federal reserve banks, and with a suggestion that each bank which had executed the first agreement address a letter to the Secretary of the Treasury stating its understanding that
"the provisions of the agreement contained in the letter of
June 26, 1934, will be superseded by the execution of the
revised agreement. It was further stated, in accordance
with the understanding with the Treasury, that the Secretary
of the Treasury, after execution of each of the agreements,
would address a letter to each Federal reserve bank which
executed the first agreement confirming the fact that the
first agreement is superseded by the execution of the revised
agreement. It was also stated in accordance with the under-
standing with your department that loans, discounts, advances,
purchases and commitments which may have been made by a Fed-
eral reserve bank prior to the execution of the revised form
of agreement would be regarded as subject to the terms of the
revised agreement.

"The Federal Reserve Board has now received from each of
the twelve Federal reserve banks and transmits to you herewith
the original and duplicate copy of the revised form of agree-
ment, duly executed by the bank in each case, together with a
letter addressed to the Secretary of the Treasury by each Fed-
eral reserve bank which had executed the first agreement. A
certified copy of a resolution of the board of directors of
the Federal Reserve Bank of Kansas City authorizing the Gov-
ernor of the Federal Reserve Bank to execute the agreement,
which was transmitted to the Board in this connection, is also
inclosed herewith. In view of a suggestion contained in a let-
ter addressed to the Federal Reserve Board by the Federal Re-
serve Bank of Chicago in connection with this matter, there
are also transmitted herewith copies of the letter, the Board's
reply thereto and the response received from the Federal Reserve
Bank of Chicago in the matter.

"It is understood that you will now execute the revised
agreements and return the originals thereof to the respective
Federal reserve banks and also that you will address a letter
to each of the banks which executed the first agreement con-
firming its understanding that the provisions of the agreement
dated June 26, 1934, are superseded by the execution of the re-
vised agreement. It will be appreciated if you will furnish
to the Federal Reserve Board a copy of the communications which
you may address to the Federal reserve banks in this connection."

Approved.

Letters to the respective Federal reserve agents inclosing the
following Clayton Act permits; suggesting in each case that the agent
advise the applicant that it is with the expectation that he will
improve his attendance at directors' meetings that the permit has been
granted; and requesting that, when the agent submits his recommendation
as a result of his annual review of the permit, he report fully as to
the attendance of the applicant at directors' meetings:

Mr. Joshua T. Day, for permission to serve at the same time
as a director of The First National Bank of Malden, Malden,
Massachusetts, and as a director of the Malden Morris Plan
Company, Malden, Massachusetts.

Mr. Clifford R. Powell, for permission to serve at the same
time as a director of The First National Bank of Riverside,
Riverside, New Jersey, and as a director of the Union National
Bank and Trust Company at Mount Holly, Mount Holly, New Jersey.

Approved.

Letter to an applicant for a permit under the Clayton Act, advis-
ing of approval of his application as follows:

Mr. Elmer E. Long, for permission to serve at the same time
as a director and officer of The American National Bank of
Camden, Camden, New Jersey, and as a director of the Pitman
Title and Trust Company, Pitman, New Jersey.

Approved, together with a letter to Mr. Austin,
Federal Reserve Agent at the Federal Reserve Bank of
Philadelphia, stating that, in view of all the cir-
cumstances, the Board concurs in the agent's opinion
that the permit should be granted but suggests that
the agent endeavor, in cooperation with the appro-
priate supervisory authorities, to bring about an
improvement in the conditions which have given rise
to the examiners' criticisms, and requesting that,
when the agent submits his recommendation as a re-
sult of his annual review of the permit, he report
fully as to the progress made in bringing about an
improvement in the condition of the banks involved
in the application.

Letter to Mr. Williams, Federal Reserve Agent at the Federal Re-
serve Bank of Cleveland, reading as follows:
The Board has given consideration to the application of Mr. J. A. Fox, Kittanning, Pennsylvania, for permission under the provisions of the Clayton Act to serve at the same time as director of The National Kittanning Bank, as director and officer of the Safe Deposit and Title Guaranty Company, both of Kittanning, Pennsylvania, and as director of the Peoples Bank, Ford City, Pennsylvania, and upon the basis of the information before it believes that the issuance of the permit applied for would be incompatible with the public interest.

Moreover, a permit was issued to the applicant on April 13, 1931, to serve at the same time as director of The National Kittanning Bank and as director of the Safe Deposit and Title Guaranty Company, both of Kittanning, Pennsylvania. For the same reason that the Board believes the issuance of the permit under the present application would be incompatible with the public interest, it also feels that the permit which previously has been issued should be revoked.

Accordingly, you are requested to advise Mr. Fox of the Board's position in the matter unless there are pertinent facts which were not submitted with the application which you feel should be given consideration. If you deem it desirable or necessary, you are authorized to inform Mr. Fox that the Board's action with reference to his present application as well as to the permit which previously has been issued to him was based upon the unsatisfactory management and condition of the two Kittanning banks and the nature and extent of the uses which he has made of the credit facilities of these banks as shown in current reports of examination.

When you communicate with the applicant please advise him that, in accordance with section V(g) of the Federal Reserve Board's Regulation L, consideration will be given to any additional facts or arguments not appearing in his application and accompanying forms, which he feels should be brought to the Board's attention, and that also, in accordance with section V(i) of the same regulation, he may be afforded an opportunity to be heard in connection with the revocation of his permit. In this connection, please advise the Board promptly as to whether Mr. Fox desires to submit any additional data or to have a hearing, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Approved.

Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:
"The Board has given consideration to the application of Mr. James McCullough, Jr., Kittanning, Pennsylvania, for permission under the provisions of the Clayton Act to serve at the same time as director and officer of The National Kittanning Bank and as director and officer of the Safe Deposit and Title Guaranty Company, both of Kittanning, Pennsylvania, and upon the basis of the information before it believes that the issuance of the permit applied for would be incompatible with the public interest.

Moreover, it appears that on April 11, 1929, the Board issued to Mr. McCullough a Clayton Act permit covering his service as director of the two Kittanning banks. For the same reason that the Board believes the issuance of the permit under the present application would be incompatible with the public interest, it also feels that the permit which previously has been issued should be revoked.

Accordingly, you are requested to advise Mr. McCullough of the Board's position in the matter unless there are pertinent facts which were not submitted with the application which you feel should be given consideration. If you deem it desirable or necessary, you are authorized to inform Mr. McCullough that the Board's action with reference to his present application as well as to the permit which previously has been issued to him was based principally upon the unsatisfactory condition and management of the two Kittanning banks.

When you communicate with the applicant please advise him that, in accordance with section V(g) of the Federal Reserve Board's Regulation L, consideration will be given to any additional facts or arguments not appearing in his application and accompanying forms, which he feels should be brought to the Board's attention, and that also, in accordance with section V(l) of the same regulation, he may be afforded an opportunity to be heard in connection with the revocation of his permit. In this connection, please advise the Board promptly as to whether Mr. McCullough desires to submit any additional data or to have a hearing, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act."

Approved.

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

"Reference is made to your letter of August 17, 1934 relative to the revocation of a Clayton Act permit issued on April 11, 1929 to James T. McCullough, Kittanning, Pennsylvania, covering his services at the same time as director of The National"
"Kittanning Bank and as director of the Safe Deposit and Title Guarantee Company, both banks being located in Kittanning, Pennsylvania.

"The Board, upon the basis of the information before it, concurs in the recommendation of your office, and feels that the public interest requires revocation of the permit now held by James T. McCullough. You are requested to advise him of the Board's position in the matter unless there are pertinent facts which you feel should be given further consideration. In communicating with Mr. McCullough you are requested to advise him that, in accordance with Section V(i) of Regulation L, the Board will afford him an opportunity to be heard in the matter of revoking the existing permit in order that he may present any facts which he feels should be brought to the Board's attention before a final decision is made.

"If you deem it desirable or necessary, you are authorized to inform Mr. McCullough that the Board's action in this connection was based principally upon the unsatisfactory condition and management of the two Kittanning banks."

Approved.

Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, inclosing the following Clayton Act permit; stating that, in view of all the circumstances, the Board has granted the permit as applied for to continue in effect only until the annual meetings of the shareholders of the respective banks in January, 1935; and requesting that, when transmitting the permit to the applicant, the agent call attention to the limited nature of the permit and advise him that it has been granted with the understanding that at the expiration of the permit he will bring his relationships into conformity with the provisions of the Clayton Act. The letter also requested that the agent keep the Board informed of the action taken in the matter.

Mr. T. W. Friend, for permission to serve at the same time as a director and officer of the Chartiers Trust Company, McKees Rocks, Pennsylvania, as a director and officer of The First National Bank at McKees Rocks, McKees Rocks, Pennsylvania, and as a director and officer of the National Bank of America.
in Pittsburgh, Pittsburgh, Pennsylvania, until the annual meetings of the shareholders of the respective banks in January, 1935.

Approved.

Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, inclosing the following Clayton Act permit; and stating that, in all 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 banks, but suggests that the agent endeavor in cooperation with the appropriate supervisory authorities, to bring about a strengthening of the capital structure of The First National Bank of Ludlow and a correction of the conditions which gave rise to the examiner's criticism of the condition of The Peoples-Liberty Bank & Trust Company. The letter also requested that, when the agent submits his recommendations as a result of his annual review of the permit, he report fully as to the progress made in strengthening the capital structure of The First National Bank of Ludlow, and bringing about an improvement in the condition of The Peoples-Liberty Bank & Trust Company:

Mr. Herbert Jackson, for permission to serve at the same time as a director and officer of The First National Bank of Ludlow, Ludlow, Kentucky, and as a director and officer of The Peoples-Liberty Bank & Trust Company, Covington, Kentucky.

Approved.

Letter to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, stating that the Board has given consideration to the following application for a permit under the Clayton Act, and that,
upon the basis of the information before it, feels that the issuance of the permit 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. C. P. Bentley, for permission to serve at the same time as a director of The Miami Beach First National Bank, Miami Beach, Florida, and as a director and officer of the Owosso Savings Bank, Owosso, Michigan.

Approved.

Letter dated September 19, 1934, approved by four members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, inclosing the following Clayton Act permit; suggesting that the agent advise the applicant that it is with the expectation that he will improve his attendance at directors' meetings of the Norfolk bank that the permit has been granted; and stating that the Board has requested Mr. McClure, Federal Reserve Agent at Kansas City, when he submits his recommendation as a result of his annual review of the permit, to report fully as the applicant's attendance at directors' meetings at The DeLay National Bank of Norfolk.

Mr. A. R. Olson, for permission to serve at the same time as a director and officer of The DeLay National Bank of Norfolk, Norfolk, Nebraska, and as a director and officer of The First National Bank of Beresford, Beresford, South Dakota.

Approved, together with a letter also dated September 19, 1934, and approved by
April 24, 1934

Four members of the Board, to Mr. McClure, Federal Reserve Agent at Kansas City, in accordance with the statement referred to above.

Letter dated September 19, 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 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. O. A. Fechter, for permission to serve at the same time as a director and officer of the Yakima Valley Bank and Trust Company, Yakima, Washington, and as a director and officer of The First National Bank of Kennewick, Kennewick, Washington.

Approved.

Letters dated September 19, 1934, approved by four members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. J. J. DeLay, for permission to serve at the same time as a director and officer of The DeLay National Bank of Norfolk, Norfolk, Nebraska, and as a director and officer of The First National Bank of Beresford, Beresford, South Dakota.

Mr. F. A. Holman, for permission to serve at the same time as a director and officer of The First National Bank of Guthrie,
Guthrie, Oklahoma, and as a director and officer of The Bank of Crescent, Crescent, Oklahoma.

Approved.

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

Mr. Edward E. Burns, for permission to serve at the same time as a director and officer of The Second National Bank of Malden, Malden, Massachusetts, and as a director of the Malden Morris Plan Company, Malden, Massachusetts.

Mr. Harry W. Fenn, for permission to serve at the same time as an officer of The First National Bank of Malden, Malden, Massachusetts, and as a director and officer of the Malden Morris Plan Company, Malden, Massachusetts.

Mr. Arthur P. Hardy, for permission to serve at the same time as a director and officer of The Second National Bank of Malden, Malden, Massachusetts, and as a director of the Malden Morris Plan Company, Malden, Massachusetts.

Mr. Philip V. Mingo, for permission to serve at the same time as a director of The First National Bank of Malden, Malden, Massachusetts, and as a director of the Malden Morris Plan Company, Malden, Massachusetts.

Mr. David P. Rossiter, for permission to serve at the same time as a director of The Second National Bank of Malden, Malden, Massachusetts, and as a director and officer of the Malden Morris Plan Company, Malden, Massachusetts.

Mr. Joseph Wiggin, for permission to serve at the same time as a director and officer of The First National Bank of Malden, Malden, Massachusetts, and as a director of the Malden Morris Plan Company, Malden, Massachusetts.

Mr. E. C. Smith, for permission to serve at the same time as a director and officer of The Welden National Bank in St. Albans, St. Albans, Vermont, and as a director and officer of the Peoples Trust Company of St. Albans, St. Albans, Vermont.

Mr. Benjamin D. Simmons, for permission to serve at the same time as a director and officer of The Hardyston National Bank of Hamburg, Hamburg, New Jersey, and as a director of The Farmers National Bank of Sussex, Sussex, New Jersey.
Mr. Fred B. Vandruff, for permission to serve at the same time as a director of The Hardyston National Bank of Hamburg, Hamburg, New Jersey, and as a director of The Farmers National Bank of Sussex, Sussex, New Jersey.

Mr. Everett L. Kent, for permission to serve at the same time as a director and officer of The Clifton Heights National Bank, Clifton Heights, Pennsylvania, and as a director of The First National Bank of Media, Media, Pennsylvania.

Mr. Elmer E. McMeen, for permission to serve at the same time as a director and officer of the Lewistown Trust Company, Lewistown, Pennsylvania, and as a director and officer of The Peoples National Bank of Mifflin, Mifflin, Pennsylvania.

Mr. H. W. Todd, for permission to serve at the same time as a director and officer of The First National Bank of Osceola, Osceola Mills, Pennsylvania, and as a director and officer of the First National Bank of Philipsburg, Philipsburg, Pennsylvania.

Mr. Wm. O. Baldwin, for permission to serve at the same time as a director and officer of The First National Bank of Montgomery, Montgomery, Alabama, and as a director and officer of the First Joint Stock Land Bank of Montgomery, Montgomery, Alabama.

Mr. J. A. Ledbetter, for permission to serve at the same time as an officer of The First National Bank of Montgomery, Montgomery, Alabama, and as an officer of the First Joint Stock Land Bank of Montgomery, Montgomery, Alabama.

Mr. W. W. Burnside, for permission to serve at the same time as a director and officer of the Tensas State Bank, Newellton, Louisiana, and as a director of The First National Bank and Trust Company, Vicksburg, Mississippi.

Mr. Henry Kline, for permission to serve at the same time as a director of the Bank of Anguilla, Anguilla, Mississippi, and as a director of The First National Bank and Trust Company, Vicksburg, Mississippi.

Mr. Walter M. Cook, for permission to serve at the same time as an officer of The United States National Bank of Portland, Portland, Oregon, and as a director of the Clark County National Bank of Vancouver, Vancouver, Washington.

Mr. Frank S. Meagher, for permission to serve at the same time as an officer of The United States National Bank of Portland, Portland, Oregon, and as a director of the Clark County National Bank of Vancouver, Vancouver, Washington.

Approved.
Thereupon the meeting adjourned.

Approved:

Vice Governor.

Chester Marvin
Secretary.