

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Thursday, September 27, 1934, at 4:00 p. m.

PRESENT: Mr. Thomas, Vice Governor
Mr. Hamlin
Mr. James
Mr. Szymczak

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

The Committee considered and acted upon the following matters:

Memoranda dated September 22, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending that the temporary employment of Miss Claire C. Atkins, Miss Helene L. Kearney, and Miss Frederica G. Ritter, as stenographers in the division, be extended for another period of thirty days, with compensation at the same rate as their previous employment. The recommendations were approved by four members of the Board on September 26, 1934.

Approved.

Memorandum dated September 22, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the appointment of Miss Marion Dowling as a stenographer in the division, with salary at the rate of \$1,620 per annum, effective as of the date upon which she enters upon the performance of her duties after having passed a satisfactory physical examination. The recommendation was approved by four members of the Board on September 26, 1934.

Approved.

Memorandum dated September 22, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated September 19 from

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Mr. Sailer, Deputy Governor of the Federal Reserve Bank of New York, which requested approval of a change in the personnel classification plan of the bank to provide for the new position of "law clerk" in the legal department. The memorandum stated that the committee had reviewed the proposed change and recommended that it be approved.

Approved.

Memorandum dated September 24, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated September 20 from Mr. Walden, Controller of the Federal Reserve Bank of Richmond, which requested approval of changes in the personnel classification plan of the Baltimore Branch, to provide for four new positions in the Reconstruction Finance Corporation custodian department. The memorandum stated that the committee had reviewed the proposed changes and recommended that they be approved.

Approved.

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

"Reference is made to the report of examination of 'Merchants and Newark Trust Company of Newark, N. J.', as of May 28, 1934, and the information submitted in connection therewith.

"According to the report of your examiner, depreciation in securities and estimated losses amounted to \$1,591,578.20. There is no indication as to what action the bank has taken with respect to the elimination of such assets, and it will be appreciated if you will advise the Board what action has been taken regarding the elimination of criticized assets.

"It has been noted that since August 14, 1933, date of the previous examination, there has been but a slight change in the indebtedness to the bank of Mr. J. S. Rippel and J. S. Rippel and Co. A comparison of the indebtedness on the two dates is shown below:

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	August 14 1933	May 28 1934
J. S. Rippel		
Collateral loan	\$400,000	\$400,000
Bond and mortgage	675,000	675,000
J. S. Rippel and Co.		
Collateral loan	460,000	440,000
Unsecured loan	150,000	150,000
Municipal securities held under repurchase agreement	<u>329,688</u>	<u>252,600</u>
	<u>\$2,014,688</u>	<u>\$1,917,600</u>
Investment in securities of interests of Mr. Rippel	Information not available	<u>\$472,669</u>

"The examiner reports that the collateral loans of Mr. Rippel and J. S. Rippel and Co. were covered by the estimated value of the collateral, but that the loans were under-margined, and that the collateral was mainly of a type which is not readily marketable. As requested in the Board's letters of December 11, 1933, and April 25, 1934, your examiner obtained statements of Mr. Rippel and J. S. Rippel and Co. and it is assumed that the statements were also made available to the bank. These statements, while indicating substantial net worths, are too condensed to permit of analysis. In this connection, the Board feels that all banks should maintain adequate credit data and that particularly all loans of officers, directors or substantial stockholders or their interests should be supported by detailed financial statements justifying the granting of credits to the extent of the portion of any loans which are not secured by an adequate amount of collateral.

"The detailed list of the investments of the bank submitted with the report of examination made by the State examiner includes three blocks of bank stock carried at \$15,257. The information does not show whether such stocks were acquired in violation of condition of membership numbered three as amended in the Board's letter of February 28, 1928, which reads as follows:

"3. Except after applying for and receiving the permission of the Federal Reserve Board, such trust company shall not acquire an interest in any other bank or trust company through the purchase of stock in such other bank or trust company.

"It will be appreciated, therefore, if you will ascertain the circumstances under which such stocks were acquired and advise the Board as to your recommendations in the matter."

Approved.

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

"Reference is made to the report of examination of "The State Bank of Ewen, Ewen, Michigan, as of August 27, 1934, and the supplemental information submitted in connection therewith.

"It is noted that the bank has made application to the Reconstruction Finance Corporation for the sale of \$25,000 preferred stock and that there has been raised the sum of \$25,480 from stockholders in connection with the plan to rehabilitate its capital. When the plan has been consummated it will be appreciated if you will report what action has been taken by the bank with respect to the elimination of estimated losses and depreciation in securities together with any other information you may have regarding the improvement in the bank's condition. Please forward for the Board's files any amendments made to the bank's charter in connection with the capital adjustments.

"It has been observed that estimated losses, as classified by your examiner, include part of a loan to D. A. Kooker, a director of the bank. As you know, the Board feels that loans to directors, officers and their interests should be above criticism at all times and that any officer or director who has abused the credit facilities of the bank he serves has seriously impaired his usefulness to that institution."

Approved.

Letter to the "Oil City National Bank", Oil City, Pennsylvania, reading as follows:

"The Federal Reserve Board has reconsidered your application for permission to exercise fiduciary powers, and, in lieu of the limited authority granted to your bank under date of September 7, 1934, grants you authority, effective if and when the Comptroller of the Currency authorizes you to commence business, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Pennsylvania, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

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

"Inasmuch as the Comptroller of the Currency has not yet authorized the Oil City National Bank, Oil City, Pennsylvania, to commence business, the Board will require that your board of directors adopt a resolution ratifying your application for permission to exercise trust powers, and it is requested that a certified copy of the resolution so adopted be forwarded as soon as possible to the Federal Reserve Board through the Federal Reserve Agent at the Federal Reserve Bank of Cleveland. When a copy of such resolution has been received by the Board a formal certificate covering your authority to exercise trust powers will be sent to you."

Approved.

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

"Reference is made to Mr. Dillistin's letters of August 30, September 7 and September 18, 1934, in connection with the reduction in the common capital stock of the 'Central Home Trust Company', Elizabeth, New Jersey, from \$500,000 to \$250,000 and the increase in the bank's capital by the sale of \$250,000 of preferred stock to the Reconstruction Finance Corporation, which was effected about June 30, 1934, without first obtaining the approval of the Board required by its condition of membership numbered three. The Board has reviewed the information submitted in connection with this transaction, from which it appears that the released capital, together with a portion of the bank's surplus, profits, reserves and suspense accounts was used in eliminating substandard assets and securities depreciation aggregating approximately \$499,628, or approximately the total of losses as set up in the report of examination of May 28, 1934. In the circumstances, the Board will interpose no objection to the reduction in the bank's capital, providing the assets charged off in connection therewith remain the property of the bank, and with the understanding of course, that the transaction has been approved by the Commissioner of Banking and Insurance of the State of New Jersey and that your counsel is satisfied as to the legality of the proceedings in connection therewith. It will be appreciated if you will forward copies of the amendments to the bank's charter which were adopted in connection with the adjustment of capital.

"It is observed that the subject bank has a substantial investment in corporate stocks. The Board feels that such stocks are not suitable investments for funds of commercial banking

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"institutions and it is suggested that you advise the bank of the Board's attitude in this connection with the view of obtaining the elimination of such stocks as soon as it is feasible to do so."

Approved.

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

"Reference is made to Assistant Federal Reserve Agent Dillistin's letter of September 7, 1934, in regard to the application of the 'Trade Bank of New York', New York, N. Y., for permission to reduce its common capital stock from \$660,000 to \$82,500, pursuant to an amended plan which provides for the sale at par of \$123,750 of new common stock to the present stockholders and \$250,000 of capital debentures to the Reconstruction Finance Corporation, and provides also for the use of the released capital in eliminating unsatisfactory assets and in augmenting the bank's surplus profits and reserves.

"In view of Mr. Dillistin's recommendation and the corrections to be made in the bank's condition as set forth in the information submitted, the Board approves the application of the Trade Bank of New York, New York, N. Y., for permission to reduce its common capital from \$660,000 to \$82,500 subject to the following conditions:

"1. That, prior to or concurrently with such reduction of common capital stock, the bank's capital shall be increased by the sale at par of \$250,000 par value of capital debentures to the Reconstruction Finance Corporation, and the sale at par of \$123,750 par value of new common stock to local interests.

"2. That the bank will maintain an amount of paid-up and unimpaired capital and unimpaired surplus of not less than one-tenth of the average amount of its aggregate deposit liabilities and in no event shall the aggregate of the common capital stock and capital debentures be reduced below \$400,000 without the consent of the Federal Reserve Board. When and if the aggregate amount of common capital stock and capital debentures equals \$400,000 no further reduction in the amount of capital debentures outstanding shall be made without a corresponding increase in common capital stock. In determining the average amount of aggregate deposit liabilities the period of twelve months ending on the thirtieth day of November in each year shall be used.

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"3. That none of the funds released by the reduction in common capital shall be returned to shareholders but that such released capital shall be used to eliminate unsatisfactory assets aggregating approximately \$476,000, shown in the report of examination made by an examiner for the New York State Banking Department as of March 8, 1934, and set forth in Mr. Dillistin's letter of September 7, 1934.

"4. That the transaction has the approval of the New York State Banking Department.

"5. That your counsel has considered the case and is satisfied as to its legal aspects.

"This approval supersedes the Board's approval of December 30, 1933, of the original plan of capital reduction.

"Inasmuch as the proposed eliminations as set forth in condition numbered three will leave approximately \$100,000 of the released capital which may be used to augment the bank's surplus, undivided profits or reserves, it is suggested that you bring to the bank's attention the desirability of using such funds to establish adequate reserves against doubtful assets.

"Upon completion of the proposed plan please advise the Board as to the amount of eliminations made and reserves provided by the bank; also forward copies of amendments to the bank's charter for our files.

"In considering the plan under which the proposed reduction in common capital is to be effected it has been noted that the adjusted capital, including common stock and capital debentures, will total \$456,250, or \$43,750 less than the amount of capital required by State law for a State bank in New York City exercising trust powers (\$500,000). It is understood that the State Banking Department has already given at least its tentative approval of the proposed plan, and it is assumed that the State authorities have had the question of sufficiency of capital structure in mind in connection with such approval. The Board, however, would like to be advised definitely as to the position taken by the State Banking Department on this question."

Approved.

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

"In accordance with Acting Comptroller of the Currency Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The American National Bank of San Bernardino', San Bernardino, California,

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"from \$150,000 to \$75,000, 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; that the released capital shall be used to eliminate or reduce a corresponding amount of undesirable assets, and that a voluntary contribution of \$45,000 be made by local interests, all as set forth in Mr. Awalt's letter of September 12, 1934.

"Although Mr. Awalt's memorandum provides for the use of only the \$75,000 of released capital in eliminating unsatisfactory assets, it is assumed that that amount, together with the voluntary contribution and a portion of the bank's undivided profits account, will be used to eliminate all estimated losses as classified by your examiner.

"In considering the plan under which the reduction in common capital is to be effected the severe criticisms made of the management by your examiner, and the statement of the Federal Reserve Agent that 'the future success of the bank depends upon a strengthening of the management, which should be made a condition of permitting these adjustments' have been noted, and the Board's approval of the capital reduction is with the understanding that this matter is receiving the attention of your office and that, if it is possible to do so, a change in management will be effected."

Approved.

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

"The Board has considered the application of the 'Chicago Joint Board, Amalgamated Clothing Workers of America', Chicago, Illinois, for a permit under section 5144 of the Revised Statutes, as amended, permitting the voting of stock which it owns or controls of the 'Amalgamated Trust & Savings Bank', Chicago, Illinois, and has approved the issuance of such a permit to the applicant. There is inclosed herewith a permit which is in form to authorize the voting of the stock of the Amalgamated Trust & Savings Bank by the trustees who now hold title to such stock, or their successors in office, and you are hereby authorized to deliver such permit to the applicant."

Approved.

Letter dated September 26, 1934, approved by four members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

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"Reference is made to Mr. Swanson's letter of September 1, 1934, inclosing a statement of expenses incurred by your examiner in making an examination of Marshall-McCartney Company of Oakes, North Dakota, in connection with its application for a voting permit.

"It appears that the itemized statement of expenses incurred, totaling \$229.01, does not include any office overhead in connection with such examination but includes only out-of-pocket expenses and salary of the examiner for the time he was engaged in the examination, and that the examination was made in accordance with the usual agreement contained in paragraphs 1 and 2 of the application for voting permit made by Marshall-McCartney Company, based upon the provisions of Section 19 of the Banking Act of 1933. Therefore, the Board sees no reason why the bill should not be presented to the holding company affiliate for payment.

"In the future it will be unnecessary for you to submit such statements to the Board for approval before presenting them for payment."

Approved, together with a letter, also dated September 26, 1934, and approved by four members of the Board to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to Mr. Swanson's letter of September 1, 1934, inclosing a statement of expenses incurred by your examiners in making a simultaneous examination of 'Northwest Bancorporation' and its banks and affiliated companies in connection with its application for a general voting permit.

"You stated that the itemized statement of expenses incurred, totaling \$4,859.42, does not include any office overhead in connection with such examination but includes only out-of-pocket expenses and salaries of the examiners for the time they were engaged in the examination. In view of these facts, it appears that the amount of \$4,859.42 is a reasonable and proper charge for the examination, which was made in accordance with the usual agreement contained in paragraphs 1 and 2 of the application for voting permit made by Northwest Bancorporation under date of September 21, 1933, based upon the provisions of Section 19 of the Banking Act of 1933. Accordingly, the Board sees no reason why the bill should not be presented to the holding company affiliate for payment."

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

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"Relet September 13. The Board desires to issue general voting permits in all cases where current simultaneous examinations of holding company affiliates and their subsidiaries are available and indicate condition, management and relationships to justify. As a condition precedent to the granting of general voting permits the Board requires holding company affiliates and their subsidiary banks in general to comply with the same conditions as to the elimination of criticized assets, corrections in management policies and relationships as if they were applying for and being admitted to membership in the Federal Reserve System. It is expected that all holding company affiliates which have complied with these conditions will be granted general voting permits during this year. In all other cases consideration will be given to the issuance of the necessary limited permits until necessary corrections have been made by holding company affiliates and their subsidiary banks or the relationships have been terminated. In all cases where it is necessary for the stock owned by holding company affiliates to be voted for specific purposes prior to the issuance of general permits, your office should advise the Board of the details thereof, together with your recommendation in the matter."

Approved.

Memorandum dated September 24, 1934, from Mr. Vest, Assistant Counsel, recommending the publication in the next issue of the Federal Reserve Bulletin of statements attached to the memorandum with regard to the Board's recent rulings as to (a) investment banking firm as financing institution within the meaning of section 13b of the Federal Reserve Act, and (b) discount for financing institution of obligation of established business located in another Federal reserve district.

Approved.

Letter dated September 26, 1934, approved by four members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"This refers to your letter of August 29, 1934, with inclosures, regarding the right of the Irving Trust Company,

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"New York, to continue to pay interest on certain deposits payable on demand with that company by itself as trustee under section 77B of the Bankruptcy Act.

"In a letter to Mr. Walter S. Logan, Deputy Governor of your bank, dated October 5, 1933, the Federal Reserve Board concurred in the opinion expressed by counsel for the Irving Trust Company that that company might lawfully pay interest on certain demand deposits held by it as trustee in bankruptcy and deposited with itself prior to June 16, 1933, pursuant to a special rule of the United States District Court for the Southern District of New York, until such time as the deposits should be duly expended or distributed in the administration or settlement of the estates in whose accounts the funds were deposited. It is understood that since that time proceedings have been instituted under new section 77B of the Bankruptcy Act in the case of certain of the estates with respect to which the Irving Trust Company has been acting as receiver, trustee, or custodian, and that under such section 77B of the Bankruptcy Act, the regular bankruptcy administration may be superseded by new proceedings instituted thereunder and that the time and manner of any liquidation or settlement of the estates may be changed. It appears that the court may direct the trustee or receiver in bankruptcy to transfer and deliver assets belonging to a bankrupt's estate to a newly appointed trustee for the debtor; and that in the event of such transfer, the old account standing in the name of the trustee or receiver in bankruptcy is closed out and the funds of such account are transferred to a new account opened in the name of the trustee for the debtor appointed in accordance with the new proceedings. It is understood that up to the present time the Irving Trust Company has been appointed by the court as trustee for the debtor in all such new proceedings, and that the demand deposits formerly standing in the name of the Irving Trust Company as trustee or receiver in bankruptcy have been transferred to new accounts, in the name of the Irving Trust Company as trustee for the debtor, and that withdrawals from the new accounts may be made only as authorized or provided, new signature cards being obtained.

"In a letter addressed to the Federal Reserve Board dated August 24, 1934, counsel for the Irving Trust Company expresses the opinion that the transfer of the deposits in question to new accounts in the name of the Irving Trust Company as trustee for the debtor in the new proceedings has the effect of terminating the contract entered into prior to June 16, 1933, to pay interest on such deposits, and that, therefore, the company may not lawfully continue to pay interest on such deposits after such transfer.

"Upon careful consideration of this matter, the Federal Reserve Board concurs in the opinion so expressed by counsel for the Irving Trust Company; and it is the view of the Board that

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"under the provisions of section 19 of the Federal Reserve Act and of the Board's Regulation Q, the Irving Trust Company may not lawfully pay interest on the deposits in question which are payable on demand after the transfer of such deposits to new accounts in the name of the Irving Trust Company or another as trustee for the debtor in proceedings instituted under section 77B of the Bankruptcy Act."

Approved.

Telegram to Mr. Anderson, Assistant Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Retel September 25 in regard to proper classification of bank with capital \$200,000 and surplus deficit \$50,000. On basis of understanding that par value of outstanding capital stock of bank in question is \$200,000 it is view of Board that bank should be included in electoral group 2."

Approved.

Letter dated September 26, 1934, approved by four members of the Board, to Governor Seay of the Federal Reserve Bank of Richmond, reading as follows:

"There are inclosed herewith copies of letters addressed to the Board's General Counsel by Mr. H. S. Yohe, In Charge, Administration U. S. Warehouse Act, under the Department of Agriculture, with regard to the independence of warehousemen under the provisions of section XI(3) of the Board's Regulation A relating to bankers' acceptances. It will be appreciated if you will submit to the Board, as a basis for consideration in formulating a reply to Mr. Yohe's letters, any information which you may have with reference to the facts of the matters discussed in his letters, together with such comments as you may care to make with regard to any position which may have been taken or opinion expressed by the Federal Reserve Bank of Richmond as to warehouse receipts issued by warehouse companies in the circumstances indicated in Mr. Yohe's letters."

Approved.

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

"Retel September 21 and letter August 15 in regard to Coffman-Dobson Bank and Trust Company, Chehalis, Washington. In past

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"Board has taken position that in general holdings of Federal reserve bank stock by member bank should be based on amount of issued and paid-in capital stock, together with amount of outstanding R. F. C. debentures and amount of surplus shown on books of member bank, rather than on its unimpaired capital stock and surplus. However, if aggregate of capital accounts of member bank as shown by its books and reports of condition is no greater than par value of outstanding capital stock and debentures, it is clear that bank has no surplus and amount of any surplus shown on books of bank should not be included in determining basis for subscription by member bank to Federal reserve bank stock. Accordingly, in case of Coffman-Dobson Bank and Trust Company, subscription should be based on aggregate par value of outstanding capital stock and debentures. As stated in Trans. 2077, in determining electoral group in which member bank belongs, basis should be same as that used in determining required holdings of Federal reserve bank stock."

Approved.

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

"Receipt is acknowledged of your letter of September 11, 1934, and inclosure, relating to the request of Mr. Prentiss N. Gray for a ruling as to the applicability of section 32 of the Banking Act of 1933 to his service as an officer and director of J. Henry Schroder Trust Company, New York, New York, and as director of Electric Shareholdings Corporation, and its fully owned subsidiary, Falkland Corporation. It is noted that you and counsel for your bank feel that the provisions of section 32 should not be regarded as applicable to the relationships in question.

"It appears from the information that has been furnished that the Electric Shareholdings Corporation is an investment trust, that it has never engaged in the flotation and distribution of securities, other than its own, and that the number of its own shares outstanding has shown only very slight variations during the past three years.

"The statistical information which has been furnished (which covers the consolidated operations of both corporations) shows that the purchases and sales of securities by the corporations during the years 1929-1933, inclusive, constituted the following percentages of total assets:

<u>Year</u>	<u>Purchase</u>	<u>Sales</u>
1929	76.10	49.92
1930	4.37	12.44

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"1931	11.52	27.30
1932	6.63	10.64
<u>1933</u>	<u>8.48</u>	<u>7.05</u>

Average for 5 years 30.2 26.2

"It also appears that the securities in the corporations' portfolios as of December 31, 1933, had been held for the following periods:

- "1.95%-held for less than 6 months
- 6.77%-held between 6 and 12 months
- 2.48%-held between 12 and 18 months
- 1.15%-held between 18 and 24 months
- 87.65%-held for 24 months and over.

"On the basis of the above information, the Federal Reserve Board is of the opinion that section 32 of the Banking Act of 1933 is not applicable to the relationship in question, and it is suggested that you advise Mr. Gray accordingly."

Approved.

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

"Receipt is acknowledged of your letter of September 17, 1934, regarding the application of Mr. E. C. Davies for a permit under section 32 of the Banking Act of 1933 to serve as a director of the Utah Savings & Trust Company and as president of Davies-Badger & Company, both of Salt Lake City, Utah.

"It is noted that the letter of September 14, 1934, addressed to you by the Utah Savings & Trust Company, which you quote in your letter, contains the following statement regarding Davies-Badger & Company: 'Their business is devoted entirely to brokerage business.'

"Accordingly, it would appear that, in view of the principles stated in the Board's letter of April 13, 1934 (X-7860), the provisions of section 32 are not applicable to the relationship in question; and, unless there are other considerations which you believe should be called to the attention of the Board, it is suggested that you advise Mr. Davies accordingly."

Approved.

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

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. F. Winchester Denio, Boston, Massa-

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Massachusetts, to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts and as director and officer of Everett Bank and Trust Company, Everett, Massachusetts, for transmittal by you to Mr. Denio and the banks involved, and a copy for your files.

"In considering Mr. Denio's application, it was noted that he was not an officer, director or employee of The First National Bank of Boston, as of the date of his application, but that he had indicated that he was to be elected a vice president of that institution. Upon his election and qualification as an officer of The First National Bank of Boston, you are authorized to transmit the permit to the applicant, forwarding at the same time copies thereof to the banks involved.

"Please advise the Board of the disposition of this case."

Approved.

Letter to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, 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 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. Gifford K. Simonds, for permission to serve at the same time as a director of the Old Colony Trust Company, Boston, Massachusetts, and as a director of The Safety Fund National Bank of Fitchburg, Fitchburg, Massachusetts.

Approved.

Letter to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, inclosing the following Clayton Act permit; stating that, if the agent finds to his satisfaction that no concerns other than the banks involved in the Clayton Act application are now making loans on the security of stock or bond collateral within the meaning of section 8A of the Clayton Act, he is authorized to deliver the permit to the applicant;

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and requesting that the agent advise the Board of his disposition of the matter. The letter also suggested that the agent advise the applicant that it is with the expectation that he will improve his attendance at directors' meetings of the French American Banking Corporation that the permit has been granted; and requested that, when the agent submits his recommendation as a result of his annual review of the permit, he report fully as to Mr. Stockton's attendance at directors' meetings.

Mr. Philip Stockton, for permission to serve at the same time as a director and officer of The First National Bank of Boston, Boston, Massachusetts, as a director and officer of the First of Boston International Corporation, New York, New York, and as a director of the French American Banking Corporation, New York, New York.

Approved.

Two letters to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, inclosing the following Clayton Act permits, and stating in each case that if he finds to his satisfaction that with the exception of the applicant's service to the institutions covered by the permits, the provisions of section 8A of the Clayton Act are not applicable, the agent is authorized to transmit the permit. Each letter also requested that the agent advise the Board as to his disposition of the matter.

Mr. Bernard W. Trafford, for permission to serve at the same time as a director and officer of The First National Bank of Boston, Boston, Massachusetts, and as a director and officer of the First of Boston International Corporation, New York, New York.

Mr. J. Cheney Wells, for permission to serve at the same time as a director of The Southbridge National Bank, Southbridge, Massachusetts, and as a director of the Old Colony Trust Company, Boston, Massachusetts.

Approved.

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Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, inclosing the following Clayton Act permit, and stating that, if the agent finds to his satisfaction that the provisions of section 32 of the Banking Act of 1933 are not applicable to the applicant, he is authorized to transmit the Clayton Act permit:

Mr. Clarence R. King, for permission to serve at the same time as a director of The Lincoln National Bank and Trust Company of Syracuse, Syracuse, New York, and as a director of The Morris Plan Industrial Bank of Syracuse, Syracuse, New York.

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, inclosing the following Clayton Act permit; suggesting that the agent endeavor, in cooperation with the appropriate supervisory authorities, to bring about a strengthening of the management of the Fleischmanns bank and a correction of the conditions which have given rise to the examiner's criticisms; and requesting that, when the agent submits his recommendation as a result of his annual review of the permit he report fully as to what progress has been made in bringing about an improvement in the management and condition of the Fleischmanns bank:

Mr. Frank Kittle, for permission to serve at the same time as a director and officer of The Peoples National Bank of Margaretville, Margaretville, New York, and as a director of The First National Bank of Fleischmanns, Fleischmanns, New York.

Approved.

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

Mr. H. Sanford Osborn, for permission to serve at the same time as a director of The City National Bank & Trust Company of Danbury, Danbury, Connecticut, and as a director of The Bethel National Bank, Bethel, Connecticut.

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Approved, together with a letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, suggesting that the agent endeavor, in cooperation with the appropriate supervising authorities, to expedite the completion of the program for strengthening the capital structures of the banks involved in Mr. Osborn's application and to bring about correction of the matters criticized by the examiner; and requesting 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 recapitalization and in bringing about improvement in the condition of the banks.

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

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. A. C. Robinson to serve at the same time as an officer and director of The Peoples-Pittsburgh Trust Company and as a director of The First National Bank at Pittsburgh, both of Pittsburgh, Pennsylvania.

"It was noted that Mr. Robinson is a director of the Pittsburgh United Corporation, designated as a 'holding company' but which may be a 'securities company' within the intent of Section 32 of the Banking Act of 1933. Therefore, the Board requests that you make such investigation as is necessary to determine the status of Mr. Robinson with respect to the provisions of Section 32.

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

"If you find that Mr. Robinson's service with the above named banks and company comes within the provisions of Section 32 you are requested to advise him of the requirements of that section as to the procedure in making formal application for a Section 32 permit. If upon a consideration of all of the facts involved, with the advice of your counsel, you are unable to determine to your satisfaction the applicability of Section 32 in this case, the Board, upon receipt of full information, will be glad to rule on the matter. In any event, the delivery of the Clayton Act permit should not be made until it has been determined that Mr. Robinson's service with the above named banks and company does not come within the provisions of Section 32 or that his service with such institutions has been brought into conformity with the requirements of that section.

"It was also noted that Mr. George T. Ladd, a director of the First National Bank is also connected with the Ladd Securities Company. Mr. J. H. Hillman, Jr., a director of the First National Bank and the Peoples-Pittsburgh Trust Company, who was granted a permit September 4, 1930, is connected with the Hillman Investment

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"Company. These companies may be 'securities companies' within the intent of Section 32 of the Banking Act of 1933. In December, 1933, Mr. Ladd forwarded to this office an application for a Section 32 permit, which application was returned to your office for your certificate. This application has not been presented subsequently for consideration. With respect to the service of Mr. J. H. Hillman, Jr. described above, it is noted that the Hillman Investment Company has been considered in connection with the Clayton Act application of Mr. C. N. Abernethy, as stated in the letter of Assistant Federal Reserve Agent Anderson dated September 5, 1934. The letter stated that Mr. Abernethy is not an officer, director, or manager of the Hillman Investment Company but did not indicate clearly whether the activities of the Company had been considered to an extent sufficient to determine whether the services of Mr. Hillman as a director of that Company would come within the prohibitions of Section 32. However if you find that the services of these gentlemen come within the provisions of Section 32, you are requested to notify them in the premises as heretofore suggested.

"Please advise the Board of the action taken in these matters."

Approved.

Letters to the respective Federal reserve agents, stating that the Board has given consideration to the following applications for permits under the Clayton Act, and that, upon the basis of the information before it, feels that the issuance of the permits applied for would be incompatible with the public interest. Each letter also requested the agent to communicate to the applicant the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. C. N. Abernethy, for permission to serve at the same time as a director of the Arsenal Bank, Pittsburgh, Pennsylvania, and as a director of the First National Bank of Etna, Etna, Pennsylvania.

Mr. James L. Kanaley, for permission to serve at the same time as a director of The First National Bank of Weedsport, Weedsport, New York, and as a director of the Hamilton State Bank, Chicago, Illinois.

Approved.

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

"The Board has reviewed the permit issued by it to Mr. L. W. Estes, Washington, D. C. on April 28, 1931, under the provisions of the Clayton Act to serve at the same time as officer and director of The Columbia National Bank of Washington, and as a director of The Washington Loan and Trust Company, both of Washington, D. C., and upon the basis of the information before it, feels that the public interest requires revocation of the permit heretofore issued. You are requested to advise Mr. Estes of the Board's position in the matter, unless there are pertinent facts which you feel should be given consideration before notifying Mr. Estes.

"In communicating with Mr. Estes, please inform 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. In this connection, please advise the Board promptly as to whether Mr. Estes desires to submit any additional data and, if not, as to what steps he proposes to take in order to comply with the Board's decision.

"If you deem it advisable or necessary, you are authorized to inform Mr. Estes that the Board's action was based upon the extent of his use of the credit facilities of both of the banks which he serves."

Approved.

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

"There are inclosed the original and copies of an amended Clayton Act permit granted to Mr. Ed A. Porter, Webster, South Dakota, to serve at the same time as director and officer of the First National Bank and Trust Company of Aberdeen, Aberdeen, South Dakota, and as director and officer of Security Bank, Webster, South Dakota, for transmittal by you to Mr. Porter and the two banks and a copy for your files.

"Inasmuch as the file indicates that due to the reduction in common stock of the Aberdeen bank some of its directors were disqualified, you are requested, before releasing the permit to Mr. Porter and the copies thereof to the banks, to determine whether he is properly qualified as a director of this bank.

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

Approved.

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

"On August 25, 1934, the Board advised you that it had given consideration to the application of Mr. W. L. Barry, Marshall, Texas, for permission under the provisions of the Clayton Act to serve at the same time as director and officer of The First National Bank of Marshall, Marshall, Texas, and as director and officer of the First State Bank, Harleton, Texas, and upon the basis of the information before it, felt 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 applicant's lack of attendance at directors' meetings of the First State Bank, Harleton, Texas.

"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. Barry keeps in almost daily contact with the other officers and directors of the Harleton bank; that he keeps in very close touch with all of the bank's affairs, and that his connection with the bank has been very helpful in building up a successful and profitable business. It has been noted that Mr. Barry has stated that, if his connection with the Harleton bank is broken, the holders of a majority of the bank's capital stock will favor placing the institution in liquidation and that such action would deprive the business interests of Harleton and farmers in its adjacent territory of banking facilities, thus inconveniencing and hampering their operations. It has been noted also that the applicant has asked to be advised if he may be permitted to serve as an officer and director of the Harleton bank until the annual election in January, 1935.

"In view of the additional facts submitted and in accordance with your recommendation, the Board has granted a permit to Mr. Barry authorizing him to serve as director and officer of The First National Bank of Marshall, Marshall, Texas, and as director and officer of the First State Bank, Harleton, Texas, the permit to continue in effect only for the period ending at the close of December 31, 1934. When transmitting the permit to Mr. Barry you are requested to call his attention to the limited status of the permit and to inform him that the Board has granted the permit with the expectation that he will in the future, attend the directors' meetings of the First State Bank, Harleton, Texas, and that his services will be brought into conformity with the provisions of the Clayton Act upon the expiration of this permit.

"Inasmuch as the Board's disapproval of Mr. Barry's application on August 25, 1934 was based largely upon his lack of attendance at directors' meetings of the First State Bank, Harleton,

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"Texas, it is suggested that you inform Mr. Barry that, prior to the expiration of this permit, the Board will be pleased to give consideration to a new application submitted in accordance with the Board's Regulation L, if accompanied by a statement of his intentions with respect to future attendance at such meetings.

"Please keep the Board informed of the action taken in this matter."

Approved.

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

"There are inclosed the original and copies of a Clayton Act permit granted Mr. A. J. Cruickshank, Santa Ana, California, to serve at the same time as director and officer of First National Bank in Santa Ana, California, and as director of the Los Angeles Branch, Federal Reserve Bank of San Francisco, for transmittal by you to the applicant and the two banks concerned. One copy of the permit is for your files.

"In the consideration of the application of Mr. Cruickshank it was noted that First National Bank in Santa Ana represents a reorganization of the affairs of The First National Bank of Santa Ana and the Farmers and Merchants Savings Bank, Santa Ana; that according to the report of examination of The First National Bank of Santa Ana, as of June 13, 1933, that bank was in very poor condition; and that it appears from other information that the difficulties of The First National Bank of Santa Ana were due, in a large measure, to an unwise policy of investing in fixed, capital and development loans. The applicant was president of the bank for many years, and apparently was responsible to a great extent for such conditions. It also appears that Mr. Cruickshank is somewhat involved financially.

"For these reasons, the Board has been reluctant to grant the permit. However, the Board has noted that Mr. Cruickshank's term of office as director of the Los Angeles Branch, Federal Reserve Bank of San Francisco expires December 31, 1934, and has considered the possibility that the refusal of the permit at this time might prove embarrassing to the new First National Bank in Santa Ana, and in view of your recommendation, has granted the permit for the period ending at the close of December 31, 1934. This will avoid the necessity of Mr. Cruickshank's resigning as a director of the Los Angeles Branch and the situation can be met, it would seem, without any unnecessary embarrassment by an arrangement whereby in due course another person may be appointed to succeed him as a director of the Los Angeles Branch effective January 1, 1935.

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"If there are other pertinent facts bearing on this case which were not submitted with the application and which you feel should be given consideration, the Board will be glad to consider them."

Approved.

Letter dated September 26, 1934, approved by four members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. P. L. Downs, for permission to serve at the same time as a director of The First National Bank of Holland, Holland, Texas, and as a director of The First National Bank of Killeen, Killeen, Texas.

Approved.

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

Mr. Hobart Ames, for permission to serve at the same time as a director of the Old Colony Trust Company, Boston, Massachusetts, and as a director and officer of The First National Bank of Easton, North Easton, Massachusetts.

Mr. Nathaniel Stevens, for permission to serve at the same time as a director and officer of The Andover National Bank, Andover, Massachusetts, as a director of the Boston Safe Deposit and Trust Company, Boston, Massachusetts, and as a director of the Old Colony Trust Company, Boston, Massachusetts.

Mr. Chas. W. Bailey, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as a director of the Granite Trust Company, Quincy, Massachusetts.

Mr. Marcus L. Beals, for permission to serve at the same time as an employee of The First National Bank of Boston, Boston, Massachusetts, and as an officer of the First of Boston International Corporation, New York, New York.

Mr. R. D. Clark, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as an officer of the First of Boston International Corporation, New York, New York.

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Mr. Wilbur F. Lawson, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as a director and officer of the First of Boston International Corporation, New York, New York.

Mr. D. A. de Menocal, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as a director of the French American Banking Corporation, New York, New York.

Mr. Harry T. Nelson, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as an employee of the First of Boston International Corporation, New York, New York.

Mr. James E. Potts, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as an officer of the First of Boston International Corporation, New York, New York.

Mr. Harold E. Randall, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as an officer of the First of Boston International Corporation, New York, New York.

Mr. Charles E. Spencer, Jr., for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as a director of the First of Boston International Corporation, New York, New York.

Mr. Harold A. Tenney, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as an officer of the First of Boston International Corporation, New York, New York.

Mr. Charles T. W. Tigh, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as a director and officer of the First of Boston International Corporation, New York, New York.

Mr. C. F. Weed, for permission to serve at the same time as an officer of The First National Bank of Boston, Boston, Massachusetts, and as a director of the Brookline Trust Company, Brookline, Massachusetts.

Mr. Benton C. Story, for permission to serve at the same time as a director of The Rockport National Bank, Rockport, Massachusetts, and as an employee of The Second National Bank of Boston, Boston, Massachusetts.

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Mr. Fred W. DeVoe, for permission to serve at the same time as a director of The First National Bank of Milltown, Milltown, New Jersey, and as a director of The First National Bank of Highland Park, Highland Park, New Jersey.

Mr. Emil Hansen, for permission to serve at the same time as a director of The Lincoln National Bank and Trust Company of Syracuse, Syracuse, New York, and as a director of The Morris Plan Industrial Bank of Syracuse, Syracuse, New York.

Mr. J. F. S. Meachem, for permission to serve at the same time as a director of The Merchants National Bank & Trust Company of Syracuse, Syracuse, New York, and as a director and officer of The Morris Plan Industrial Bank of Syracuse, Syracuse, New York.

Mr. Emil Klein, for permission to serve at the same time as a director and officer of The United National Bank of Cliffside Park, Cliffside Park, New Jersey, as a director of The North Arlington National Bank, North Arlington, New Jersey, and as a director and officer of the Guttenberg Bank and Trust Company, Guttenberg, New Jersey.

Mr. Howard W. Roberts, for permission to serve at the same time as a director of The Atlantic Highlands National Bank, Atlantic Highlands, New Jersey, and as a director of The Keansburg National Bank, Keansburg, New Jersey.

Mr. R. H. Garrahan, for permission to serve at the same time as a director of The Kingston National Bank, Kingston, Pennsylvania, and as a director and officer of the Forty Fort State Bank, Forty Fort, Pennsylvania.

Mr. E. M. Rosser, for permission to serve at the same time as a director and officer of The Kingston National Bank, Kingston, Pennsylvania, and as a director and officer of the Forty Fort State Bank, Forty Fort, Pennsylvania.

Mr. A. D. Snelbaker, for permission to serve at the same time as a director and officer of The Woodstown National Bank & Trust Company, Woodstown, New Jersey, and as a director and officer of the Swedesboro Trust Company, Swedesboro, New Jersey.

Mr. C. W. Sones, for permission to serve at the same time as a director and officer of the Bank of South Williamsport, South Williamsport, Pennsylvania, and as a director and officer of The First National Bank of Hughesville, Hughesville, Pennsylvania.

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Mr. Frank F. Brooks, for permission to serve at the same time as a director of The Peoples-Pittsburgh Trust Company, Pittsburgh, Pennsylvania, and as a director and officer of The First National Bank at Pittsburgh, Pittsburgh, Pennsylvania.

Mr. R. I. Pile, for permission to serve at the same time as a director and officer of The First National Bank at Stoystown, Stoystown, Pennsylvania, and as a director of The First National Bank of Friedens, Friedens, Pennsylvania.

Mr. Joseph Gebelin, for permission to serve at the same time as a director of the City National Bank of Baton Rouge, Baton Rouge, Louisiana, and as a director of the St. James Bank and Trust Company, Litcher, Louisiana.

Mr. W. T. Wright, for permission to serve at the same time as a director of The Inter-State National Bank of Kansas City, Kansas City, Missouri, and as a director and officer of The Cloud County Bank, Concordia, Kansas.

Mr. Royal C. Barnes, for permission to serve at the same time as an officer of The First National Bank of Salt Lake City, Salt Lake City, Utah, and as a director and officer of the Barnes Banking Company, Kaysville, Utah.

Mr. Edgar S. Hills, for permission to serve at the same time as a director of The First National Bank of Salt Lake City, Salt Lake City, Utah, and as a director and officer of the State Bank of Park City, Park City, Utah.

Approved.

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

Application for ORIGINAL Stock:
District No. 9

The First National Bank at St. James,
St. James, Minnesota

Shares

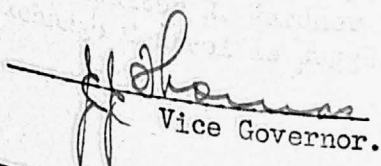
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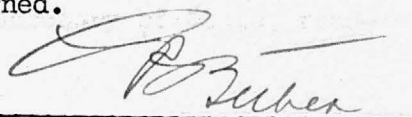
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Approved.

Thereupon the meeting adjourned.

Approved:


Vice Governor.


Assistant Secretary.