

A meeting of the Executive Committee of the Federal Reserve Board was held in Washington on Monday, October 1, 1934, at 3:00 p. m.

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

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

The Committee considered and acted upon the following matters:

Letter dated September 27, 1934, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegram dated September 28, 1934, from Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, both advising that, at meetings of the boards of directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated September 24, 1934, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that the temporary employment of Mrs. Helen H. Hassell as a stenographer in the division be extended for a period of three months from October 2, 1934, with salary at the same rate as her previous employment. The recommendation was approved by four members of the Board on September 28, 1934.

Approved.

Letter dated September 29, 1934, approved by three members of the Board, to Honorable Francis B. Sayre, Assistant Secretary of State, reading as follows:

"In accordance with your request, the Board has designated Mr. Walter R. Gardner to serve on the Special Committee on Exchange Control as suggested in your letter of September 26.

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"While the Board is glad to have Mr. Gardner attend the meetings of the Committee and to participate in its work, the Board wishes to make it clear that Mr. Gardner has no authority to speak for it on any matter of policy."

Approved.

Telegram dated September 28, 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:

"Your letter twenty-fourth. Board approves appointment of Paul R. Fitchen effective September 20, 1934 and Richard A. Sanders effective September 1, 1934, as assistant examiners in the Federal reserve agent's department of your bank at salary rates of \$3,000.00 and \$2,000.00 respectively, with the understanding that arrangements will be made immediately by Mr. Fitchen to liquidate his indebtedness to the State member bank and that the loan of Mr. Sanders to the national bank will be paid by present maturity. Board also approves designation of fifteen employees as assistant examiners without change in their compensation. Board understands appointment of Messrs. Fitchen and Sanders to be on permanent basis, while other fifteen to be temporary designation and their services used principally to lend clerical assistance in examinations of larger banks."

Approved.

Letter to Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, reading as follows:

"The Federal Reserve Board has received your letter of September 26, 1934, advising of the death on September 24 of Mr. W. E. Hardy, a director of your Omaha branch, and a telegram has been sent to Mr. Earhart expressing the regret of the members of the Board and requesting that he convey their sympathy to the members of the family and to Mr. Hardy's former colleagues on the branch board.

"Inasmuch as Mr. Hardy was one of the Board's appointees to the directorate of the Omaha branch, the matter of the appointment of his successor will be taken up in the near future and you will be advised of the action taken."

Approved.

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

"Your telegram September 28 re 'Minden Bank & Trust Company', Minden, Louisiana. In view of the circumstances and your recommendation Board extends until December 31, 1934, the time within which the bank may accomplish admission to membership in the System."

Approved.

Letter dated September 29, 1934, approved by four members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"There is transmitted herewith for your consideration an application of The Marine Trust Company of Buffalo, Buffalo, New York, a member bank, for permission to establish a branch at Snyder, New York, after absorbing the Bank of Snyder, Snyder, New York, a nonmember bank. The Marine Trust Company of Buffalo and the Bank of Snyder are both controlled by the Marine Midland Corporation, Jersey City, New Jersey.

"Snyder, an incorporated village, is a residential suburb of Buffalo, New York, about five miles from the downtown section of the city. The Bank of Snyder is the only banking institution operating in the village of Snyder, which has a population of approximately 2,200. It is proposed to merge the Bank of Snyder into The Marine Trust Company of Buffalo and continue the operation of the office as a branch.

"On January 19, 1934, The Marine Trust Company of Buffalo reduced its common capital stock from \$12,500,000 to \$8,000,000 and on January 25, 1934, sold \$6,000,000 of capital notes to the Reconstruction Finance Corporation. During the six months' period ending June 30, 1934, the bank charged off or provided reserves for unsatisfactory assets aggregating approximately \$19,343,600. The report of condition after these adjustments, as of June 30, 1934, showed the following capital structure:

Capital notes (R.F.C.)	\$6,000,000
Capital stock (common)	8,000,000
Surplus and Undivided Profits	7,000,000
Reserves	2,000,000

"The Federal Reserve Agent at the Federal Reserve Bank of New York has recommended approval of the application and the Board is of the opinion that the establishment and operation of

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"the branch at Snyder is in accordance with the provisions of the Federal Reserve Act governing the establishment of branches by a State member bank with the understanding that such establishment is approved by appropriate State authorities and provided your approval thereof is given. It is recommended, therefore, that you approve the establishment and operation of a branch in Snyder by The Marine Trust Company of Buffalo on the conditions that:

- "1. The establishment and operation of a branch at Snyder, New York, by The Marine Trust Company of Buffalo shall be approved by the appropriate State authorities; and
- "2. Prior to the establishment of the branch at Snyder, New York, and the absorption of the Bank of Snyder, Snyder, New York, incident thereto the Bank of Snyder shall, if it has not already done so, charge off or otherwise eliminate estimated losses of \$6,400, doubtful assets aggregating \$16,251 and securities depreciation of \$20,320, all as shown in the report of examination of the Bank of Snyder as of May 2, 1934, made by an examiner for the New York State Banking Department, and any other known losses, and depreciation in securities.

"The attached file contains copies of the latest reports of examination of The Marine Trust Company of Buffalo and of the Bank of Snyder, together with other pertinent data, and a copy of a memorandum prepared by the Board's Division of Examinations. It will be appreciated if you will return this file when it has served your purpose, and when you have advised the Board of your action on the application described above."

Approved.

Letter dated September 29, 1934, approved by four members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"This refers to your letter of September 13, 1934, with inclosures, relating to the desire of 'The Austin National Bank,' Austin, Minnesota, to surrender its right to exercise trust powers.

"It has been noted from the resolution adopted by the board of directors of The Austin National Bank that the bank desires to obtain a formal certificate from the Board terminating its

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"right to exercise trust powers in order that it may effect a release of the securities deposited by it with the State authorities in connection with the operation of its trust department. It has been noted also that the president of the bank has advised your bank that 'the Commissioner of Banks of the State of Minnesota recently sent a special trust investigator, who examined all of our closed trusts and who has certified to the Commissioner of Banks that our trust accounts are all properly closed.'

"In view of the provisions of section 11(k) of the Federal Reserve Act requiring the Board, before issuing a formal certificate terminating the right of a national bank to exercise trust powers to satisfy itself that the 'bank has been relieved in accordance with State law' of all of its duties as fiduciary, the Board would be unwilling to issue a certificate of this kind to The Austin National Bank upon the basis of the finding of the special State trust investigator referred to above. The Board deems it desirable, in accordance with its usual practice, that the facts in this case be established for its purposes through an investigation by an examiner designated by the Comptroller of the Currency. However, since it is understood that this bank was placed in voluntary liquidation on March 4, 1931, with the result that no further regular examinations of it will be made by the Comptroller of the Currency, and, since it appears that the principal purpose of the bank in requesting such a certificate from the Board is to secure a release of the securities pledged with the State authorities, it is possible that those authorities would not insist upon a certificate of this kind but would be willing to release such securities upon the basis of the information already developed by their own special trust investigator. It is suggested, therefore, in the interests of economy and expedition, that, if you have not already done so, you bring this possibility to the attention of The Austin National Bank, and it is requested that the Board be advised as to any decision reached by the State authorities with respect thereto. In the event that they still deem it necessary that the bank obtain a formal certificate from the Board before releasing the securities, this office, upon advice from the bank to that effect, will promptly request the Comptroller of the Currency to develop by a special investigation the information customarily required by the Board as a prerequisite to the issuance of such a certificate."

Approved.

Two telegrams to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, stating that the Board has given consideration to the applications of the "First Securities Corporation of Syracuse" and the

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"First Trust and Deposit Company", both of Syracuse, New York, for voting permits under the authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organizations to vote the stock which they own or control in the following banks:

- "The First National Bank of Canastota," Canastota, New York
- "The First National Bank of Earlville," Earlville, New York
- "The First National Bank of Mexico," Mexico, New York
- "The North Syracuse National Bank," North Syracuse, New York
- "The First National Bank of Waterloo," Waterloo, New York

and has authorized the issuance of limited permits to the applicants, subject to the following condition:

"That prior to the issuance of the limited voting permit authorized herein, applicant shall agree as follows: That within such time as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York and in any event not later than December 31, 1934, the undersigned will take, and will cause its subsidiary banks to take, such steps as shall be requested by the Federal Reserve Agent at the Federal Reserve Bank of New York in order to effect the maximum amount of corrections or eliminations of losses and/or depreciation in assets as shown by examination reports of the undersigned and its subsidiary banks as of March 23, 1934, or current appraisal of the marketable securities, as in the judgment of such Federal Reserve Agent shall be practicable in view of the total available capital structure of the undersigned and its subsidiaries, and in order to remove the cause of any criticism relating to any feature of its or its subsidiary banks' practices, policies, management or financial condition which has been made by the appropriate supervisory authorities."

and for the following purposes:

"1. To elect directors of such banks at the annual meetings of shareholders, or at any adjournments thereof, at any time prior to December 31, 1934, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such banks.

"2. To authorize a reduction in capital stock, change in number of shares of stock and/or change in par value of shares of stock of any of such banks subject to the approval of the Federal Reserve Agent at the Federal Reserve Bank of New York and the appropriate supervisory authorities including the Federal

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"Reserve Board if its approval is required by law.

"3. To authorize the issuance by any of such banks of preferred stock subject to the approval of the Federal Reserve Agent at the Federal Reserve Bank of New York, and, if required by law, of the Comptroller of the Currency.

"4. To amend the articles of association, certificate of incorporation and/or by-laws of any such banks and to take such other actions as may be necessary in order to effect the changes set forth in 2 and 3 above."

The telegrams also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the First Securities Corporation of Syracuse and the First Trust & Deposit Company, limited voting permits in accordance with the telegrams when the condition prescribed therein has been complied with.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, stating that the Board has given consideration to the application of "Geneva Shareholders, Inc.", Geneva, New York, for a voting permit under the authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The National Bank of Geneva", Geneva, New York, and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

"Prior to the issuance of the limited voting permit hereby authorized applicant shall agree as follows: That within such time as shall be fixed by the Federal Reserve Agent at the Federal Reserve Bank of New York, and in any event prior to December 31, 1934:

"(1). It will cause The National Bank of Geneva to rehabilitate its capital structure in accordance with a plan which shall have been approved by the appropriate supervisory authorities and shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York;

"(2). It will cause The National Bank of Geneva to make such corrections as shall be requested by the Federal

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"Reserve Agent at the Federal Reserve Bank of New York and within such period or periods as he may prescribe, in order to remove the cause of any criticism relating to any feature of its practices, policies, management, or financial condition which has been made by the appropriate supervisory authorities."

and for the following purposes:

"At any time prior to December 31, 1934, to act upon any proposal or proposals to create and issue common and/or preferred stock and to reduce common stock and to make such amendments to the articles of association and/or by-laws of such bank as may be necessary for such purposes, such proposal or proposals to be in accordance with a plan or plans which shall have been approved by the appropriate supervisory authorities and shall be satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of New York."

The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to Geneva Shareholders, Inc., a limited voting permit in accordance with the telegram when the condition prescribed therein has been complied with.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, stating that the Board has given consideration to the application of the "Marine Midland Corporation", Jersey City, New Jersey, for a voting permit under the authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The Marine Trust Company of Buffalo," Buffalo, New York, and has authorized the issuance of a limited permit to the applicant, subject to the following condition:

"Prior to the issuance of the limited voting permit hereby authorized, you shall satisfy yourself that, in so far as practicable, applicant has put forth its best efforts to comply with the agreement executed by it on January 3, 1934, as a condition



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"to the issuance of a limited voting permit."

and for the following purposes:

"At any time prior to December 31, 1934, to act upon a proposal for the absorption by The Marine Trust Company of Buffalo, Buffalo, New York, of the Bank of Snyder, Snyder, New York, and upon a proposal to establish and maintain a branch in the said Village of Snyder, and to do such things as may be necessary for such purposes."

The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Marine Midland Corporation, a limited voting permit in accordance with the telegram.

Approved.

Two telegrams dated September 28, 1934, approved by four 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 applications of the "Transamerica Corporation" and the "Transamerica Bank Holding Company", both of San Francisco, California, for voting permits under the authority of section 5144 of the Revised Statutes, as amended, entitling such organizations to vote the stock which they own or control in the "First National Bank in Reno", Reno, Nevada, and has authorized the issuance of limited permits to the applicants for the following purposes:

"To act upon a proposal or proposals to increase the capital stock of such bank and to take such action as may be necessary in connection therewith at any time prior to December 1, 1934."

The telegrams also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Transamerica Corporation and the Transamerica Bank Holding Company, limited voting permits in

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accordance with the telegrams.

Approved.

Telegram dated September 28, 1934, approved by four members of the Board, to the Federal reserve agents at all Federal reserve banks, reading as follows:

"Will appreciate it if you will advise by wire principal reasons which delay disbursements of funds after applications for industrial loans have been approved by industrial advisory committee."

Approved.

Telegram dated September 28, 1934, approved by four members of the Board, to the Federal reserve agents at all Federal reserve banks, reading as follows:

"In order to carry out provisions of section 10 of Board's Regulation T, each Federal Reserve Agent should until further notice notify each other Federal Reserve Agent and the Federal Reserve Board, by telegraph with confirmation by mail, the telegrams to be numbered serially beginning with number one in each district, of the name and principal place of business of each nonmember bank which files an agreement on F. R. B. Form T-1 or T-2 pursuant to section 8(a) of Securities Exchange Act of 1934 and is given a certificate on F. R. B. Form T-3. For this purpose code word 'ALIGHTABLE' is assigned to mean 'Agreement on F. R. B. Form T-1 or T-2 has been filed by and certificate on F. R. B. Form T-3 given to (name of bank) of (principal place of business)'. This code word should be inserted on page 8 of Federal Reserve Telegram Code Book following the code 'ALIGHT'. Each Federal Reserve Agent should prepare and have available for distribution upon request a list showing the name and principal place of business of each nonmember bank which has filed an agreement on F. R. B. Form T-1 or T-2 which is still in effect. At the end of each month each Federal Reserve Agent should forward a copy of such list to the Board. Consideration will later be given to the advisability of issuing a single list by the Board for distribution to all Federal Reserve Agents."

Approved.

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Telegram dated September 28, 1934, approved by three members of the Board, to Dean K. Worcester, Assistant Secretary of the New York Stock Exchange, New York, New York, reading as follows:

"Answering specific question Redmond's wire of today to Wyatt. Orders executed Saturday September 29 even though not actually debited or credited to accounts until after October 1st may be considered as part of accounts maintained at the opening of business on October 1, 1934, so as to secure benefits of provisions of section 7(a) of Federal Reserve Board's Regulation T."

Approved.

Telegram dated September 29, 1934, approved by three members of the Board, to Mr. Clark, Assistant Federal Reserve Agent, at the Federal Reserve Bank of Atlanta, reading as follows:

"Your telegram September 28. Regulation T will not be contained in September issue of Federal Reserve Bulletin. It would appear to be desirable to mail copies of regulation to member and nonmember banks, and suggest that procedure be followed. There is no objection to transmitting with regulation substance of press release given out by Board."

Approved.

Letter dated September 29, 1934, approved by three members of the Board, to Governor Schaller of the Federal Reserve Bank of Chicago, reading as follows:

"Receipt is acknowledged of your letter of September 26, in response to the Board's letter of September 19 suggesting that you arrange to call meetings of representative bankers at important centers in your district for the purpose of discussing the industrial loan program, in which you express the view that the holding of such meetings should be deferred until the arrival of Governor Black in Chicago.

"The Board is glad that Governor Black has promised to spend a few days in the Seventh District and is confident that he will render valuable assistance. However, as indicated by statements made during the Governors' Conference held in Washington on September 21-22, the Board is intensely interested in the matter and

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"desires the management of each reserve bank to do its utmost to help, through personal contacts with bankers and industrialists, in disseminating information and stimulating interest with respect to industrial loans. Moreover, it is assumed that Governor Black will not be in a position to attend all such meetings, and, therefore, the Board believes that you should proceed with your speaking program at the earliest possible date, advising the Board promptly as to the dates and places of the proposed meetings."

Approved.

Letter dated September 29, 1934, approved by four members of the Board, to Governor McKinney of the Federal Reserve Bank of Dallas, reading as follows:

"Reference is made to your letter of September 10, 1934, with which you submitted a copy of an opinion rendered by your counsel relative to transferring funds amounting to \$2,160 from the bank's Suspense Account-General to Profit and Loss Account, in accordance with the recommendation of the Board's examiner made in connection with the examination of the Federal Reserve Bank of Dallas as of June 23, 1934.

"It is noted that the funds in question represent payments received by the bank in 1921 under its group life insurance policy upon the death of two former employees, that the funds have been carried in Suspense Account-General since that time for the reason that the bank has been unable to locate any heirs of the deceased employees, and that it is your counsel's opinion that it is perfectly proper for the bank to transfer the respective sums from its Suspense Account-General to Profit and Loss Account. The Board's files indicate that it approved on April 1, 1926, the plan outlined in Governor Talley's letter of January 19, 1926, whereby the proceeds of insurance policies amounting to \$2,160 on the lives of two former employees for whom no heirs could be located were to be utilized for making loans to needy employees of the bank. It is assumed that these are the same funds referred to in your letter of September 10, 1934, and that the sums were never utilized for the purpose outlined in Governor Talley's letter of January 19, 1926.

"In view of all the circumstances and the opinion of your counsel, the Board will interpose no objection to the transfer of such funds from the bank's Suspense Account-General to its Profit and Loss Account."

Approved.

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Letter dated September 29, 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:

"There is inclosed a copy of a letter dated August 28, 1934, addressed to the Board by Mr. Henry W. Cohu, with further reference to his application under section 32 of the Banking Act of 1933 for a permit to serve as director of The Harbor State Bank, New York, New York, and as treasurer and director of Air Investors, Incorporated, Jersey City, New Jersey.

"You will note that Mr. Cohu believes that the statistical information previously submitted does not give a true picture of the activities of the corporation because of the fact that the corporation's principal long-term holding was sold and immediately repurchased toward the end of 1933 and may properly be considered to have been held continuously in determining the nature of the corporation's activities. Mr. Cohu submits revised figures which indicate that, on the basis suggested by him, 87% of the securities in the corporation's portfolio as of the end of 1933 should be regarded as having been held continuously for over 24 months. Mr. Cohu also points out that The Harbor State Bank is not permitted by law to purchase aviation stocks whereas, under its charter, the corporation is primarily interested in purchasing aviation stocks.

"Although the statement that 87% of the portfolio of an investment trust had been held for over 24 months would obviously not indicate that the investment trust was primarily engaged in buying and selling securities within the meaning of section 32, it appears that, even on the basis suggested by Mr. Cohu, the average turnover in the portfolio of the corporation would have been large-ly in excess of 100% of total assets per year for the past five years, in spite of the fact that a substantial portion of the assets did not participate in this turnover. These facts would indicate a very high rate of turnover in the remainder of the portfolio.

"Moreover, the fact that The Harbor State Bank is not authorized to purchase aviation stocks, nor, apparently, the stock of Air Investors, Incorporated, is not necessarily controlling. When the Board wrote to Mr. Cohu on August 20, 1934, it was already advised that purchases and sales of securities by the corporation were made on the open market and that the corporation never purchased securities with a view to reoffering or distributing them to the public. However, these facts would not negative the possibility that the bank might be influenced in its advice to its customers regarding securities which the corporation was purchasing and selling or regarding the corporation's own stock.

"Accordingly, the Board believes that Mr. Cohu's letter states no facts which would justify the making of an exception to the general rule prescribed by Congress and therefore denies his applica-

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"tion. Of course, the denial of Mr. Cohu's application is not based upon the belief that his interlocking relationship has actually resulted in any of the undesirable practices which Congress sought to prevent by the enactment of section 32, but it appears that the relationship is one of the type which Congress sought to terminate in order to guard against the possibility that, in the future, such relationships might have a tendency to affect the credit and investment policies of member banks.

"Unless there are further considerations which you believe should be brought to the attention of the Board, please notify Mr. Cohu of the Board's action and request him to advise you of the steps which he takes in order to comply with the provisions of section 32."

Approved.

Letter dated September 29, 1934, approved by four members of the Board, to the following applicant for a permit under section 32 of the Banking Act of 1933; the letter stating that, on the basis of the information submitted, Jones & Fowler appears to be "engaged primarily in the business of purchasing, selling, or negotiating securities" within the scope of section 32 and the relationship covered by the application to serve that company and The First National Trust and Savings Bank of San Diego is in the class which the Board believes that section was designed to terminate, and that, in the circumstances, the Board is unable to find that it would not be incompatible with the public interest as declared by Congress to grant the application, although in the event the applicant desires to submit further facts or arguments in support of the application the Board is prepared to give them careful consideration:

Mr. H. H. Jones, for permission to serve at the same time as a director of The First National Trust and Savings Bank of San Diego, San Diego, California, and as a partner of Jones & Fowler, San Diego, California.

Approved.

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Letter dated September 29, 1934, approved by four members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"Receipt is acknowledged of your letters of September 6 and September 12, 1934, concerning the Clayton Act application of Mr. Herbert A. Wagner, Baltimore, Maryland. It is observed that Mr. Wagner advised you under date of September 5 that he was on that date resigning as a director and member of the executive committee of the Maryland Trust Company, and that under date of September 11 he informed you that he had tendered his resignation from the directorates of the Baltimore Company and the Baltimore-Gillet Company. In view of this information it appears that further consideration of Mr. Wagner's Clayton Act application by the Board is unnecessary. Before the Board's files in the matter may be closed, however, it should be ascertained whether Mr. Wagner's resignation from the Maryland Trust Company, the Baltimore Company, and the Baltimore-Gillet Company has been duly accepted in each instance, and it is accordingly requested that you inform the Board when such action has been taken.

"The Board has noted with interest the copy of the letter dated September 5, 1934, from Mr. Heyward E. Boyce, president of the Maryland Trust Company. As stated in your letter, it does not appear that Mr. Boyce's letter supplies new evidence upon which to base a reconsideration of Mr. Wagner's application for a Clayton Act permit."

Approved.

Letter dated September 29, 1934, approved by four members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. Jas. H. Simms, Simms, Texas, to serve at the same time as director and officer of The First National Bank of New Boston, New Boston, Texas, and as a director of First National Bank in DeKalb, DeKalb, Texas.

"In the consideration of Mr. Simms' application for a Clayton Act permit, it was noted that in answer to question 13 of F. R. B. Form 94, (dated June 23, 1934), the applicant stated that the partnership of Simms & Simms, of which he was an active partner, had at times made loans secured by stock and bond collateral. He also stated, however, that it had been several years since the partnership had made such a loan. In the circumstances, you are requested

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"to withhold delivery of the Clayton Act permit to Mr. Simms until you have satisfied yourself that Simms & Simms are not now making loans on stock or bond collateral, and also that the applicant and the two banks involved understand fully that if Simms & Simms, or any other nonbanking organization with which Mr. Simms is connected, should in the future make any loan on stock or bond collateral within the contemplation of Section 8A of the Clayton Act, his services at the same time with either of the banks named in the permit would become illegal. When you have satisfied yourself as to these points, you are authorized to transmit the permit to Mr. Simms and the copies to the banks involved.

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

"It was noted that the First National Bank in DeKalb appeared to be in poor condition when examined as at July 24, 1934, but that a plan looking to a rehabilitation of its capital was suggested by the national bank examiner. In view of the ability and prestige which Mr. Simms apparently possesses and since it appears that he contributes financial strength to the banks, the Board felt that it would be preferable to grant a permit to him in order to avoid any unnecessary misunderstanding by the communities which might prove detrimental to the best interests of the banks involved, but it suggests that you keep in close touch with the efforts being made to bring about a correction of the conditions which have given rise to the examiner's criticisms. The Board requests that when you submit your recommendation as a result of your annual review of this permit you report fully as to the progress made in bringing about an improvement in the condition of the First National Bank in DeKalb."

Approved.

Letter dated September 27, 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. George W. Reily, for permission to serve at the same time as a director and officer of The Harrisburg National Bank, Harrisburg, Pennsylvania, as a director and officer of the Harrisburg Trust Company, Harrisburg, Pennsylvania, and as a director of the Federal Reserve Bank of Philadelphia, Philadelphia, Pennsylvania.

Approved.

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



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Applications for ORIGINAL Stock:  
District No. 3.  
Union National Bank of Reading,  
Reading, Pennsylvania

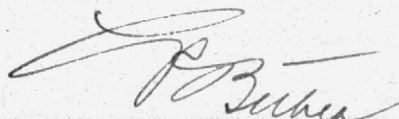
Shares

1140

1140

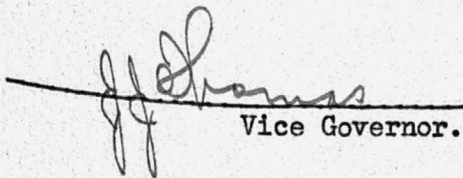
Approved.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:

  
Vice Governor.