

A meeting of the Federal Reserve Board was held in Washington on Thursday, October 18, 1934, at 3:00 p. m.

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

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

The minutes of the meetings of the Federal Reserve Board held on August 8, September 15 and 14, 1934, were approved.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on August 10, 14, 15, 16, 18, 21, 24, 25, 27, 28, and 29, and September 5, 7, 11, 12, 15, 18 (two meetings), 19 (two meetings), and 20, 1934, were approved and the actions recorded therein were ratified unanimously.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board with the governors of the Federal reserve banks held on September 21, 1934, were approved and the actions recorded therein were ratified unanimously.

The Board then considered and acted upon the following matters:

Telegram dated October 18, 1934, from Mr. McClure, Chairman of the Federal Reserve Bank of Kansas City, advising that, at a meeting of the board of directors today, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Telegram dated October 18, 1934, from Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, advising that, because of the

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absence of a quorum, the regular meeting of the board of directors of the bank was not held to day, and that, accordingly, no change was made in the bank's existing schedule of rates of discount and purchase.

Noted.

Letter to Mr. William Earl Stabler, Chicago, Illinois, reading as follows:

"Reference is made to your letter of September 4, 1934, to the Chairman of the Federal Reserve Board, inclosing a copy of a letter addressed by you to the President of the United States with regard to the discontinuance of your employment as a telegraph operator at the Federal Reserve Bank of Chicago. Your letter of the same date to the Secretary of Labor has also been referred to this office for reply.

"The Federal Reserve Board has inquired into this matter and is advised that on March 1, 1934, you were employed on a temporary basis by the Federal Reserve Bank of Chicago, with the understanding that your services would be retained only as long as the increased work in the telegraph office required the services of additional operators. During the latter part of August the work in the Chicago telegraph office declined to a point where your services could be dispensed with and you were released.

"Your letter states that your services were discontinued while another operator, who had been employed subsequent to the date of your employment by the bank, was retained. In this connection the Board is advised that the second operator was employed, also on a temporary basis, only a few days following your employment, and as his work was found to be more satisfactory, he was retained temporarily but will also be released when the work in the telegraph office declines to such an extent as to make the retention of his services unnecessary.

"In view of these circumstances, it does not appear that there is any basis for further action by the Federal Reserve Board."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. Logan, Deputy Governor of the Federal Reserve Bank of New York, reading as follows:

"In response to your letter of October 5, 1934, you are

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"advised that the Federal Reserve Board has approved the payment to Honorable Newton D. Baker of his bill in the amount of \$3,066.54, for his services to the Federal Reserve Bank of New York from July 20, to August 11, 1934, and his disbursements in connection therewith, the payment of such bill having already been approved by the Board of Directors of the Federal Reserve Bank of New York."

Approved.

Memorandum dated October 13, 1934, from the Committee on Salaries and Expenditures, submitting letters from Governor Geery and Assistant Cashier Larson of the Federal Reserve Bank of Minneapolis, dated September 15 and 20, 1934, respectively, which requested approval of a number of changes in the personnel classification plan of the bank, including a new department to handle industrial advances. The memorandum stated that the committee has reviewed the proposed changes and recommends that they be approved, including the appraised position of "manager" in the industrial loan department, but that the present salary at the rate of \$5,000 per annum fixed for Mr. J. W. Barton in that position be withheld pending receipt of the information requested in the Board's letter of October 9, 1934, to the Federal Reserve Agent at Minneapolis with regard to Mr. Barton. The recommendation was approved by five members of the Board on October 17, 1934.

Approved.

Memorandum dated October 11, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated October 2 from Mr. Helm, Deputy Governor and Cashier of the Federal Reserve Bank of Kansas City, which requested approval of changes in the personnel classification plan of the bank to provide for the new positions of "clerk-registered and



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ordinary mail" and "clerk-time keeper" in the general service-mail and provision of personnel-paymaster departments, respectively. The memorandum stated that the committee had reviewed the proposed changes and recommended that they be approved. The recommendation was approved by five members of the Board on October 17, 1934.

Approved.

Memorandum dated October 11, 1934, from the Committee on Salaries and Expenditures, submitting a letter dated October 2 from Mr. Helm, Deputy Governor and Cashier of the Federal Reserve Bank of Kansas City, which requested approval of changes in the personnel classification plan of the bank to provide for ten new positions in the fiscal agent-Federal Farm Mortgage Corporation department. The memorandum stated that the committee had reviewed the proposed changes and recommended that they be approved. The recommendation was approved by five members of the Board on October 17, 1934.

Approved.

Letter dated October 17, 1934, approved by four members of the Board, to the board of directors of "The Oak Harbor State Bank Company", Oak Harbor, Ohio, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Cleveland.

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank

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of New York, reading as follows:

"Receipt is acknowledged of Mr. Dillistin's letter of October 5, 1934, with its inclosures, regarding the 2,000 shares of stock of "The First National Bank of Boston" purchased and held by the Bank of the Manhattan Company, New York, in violation of condition of membership numbered 8 which provides that:

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

"In view of the statement in President Goodhue's letter to you of October 4, 1934, that such violation was unintentional and due to a mistaken understanding as to the meaning of the condition of membership referred to, the Board will take no action in the matter provided the stock in question is disposed of promptly in accordance with the assurances given by Mr. Goodhue. It will be appreciated if you will advise the Board when such disposition has been consummated.

"Receipt is acknowledged also of Mr. Dillistin's letter of September 22, 1934, advising that a letter was being written to the bank with respect to the elimination of estimated losses. It is assumed that upon receipt of information from the bank you will advise the Board as to the action taken."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Reference is made to Mr. Dillistin's letter of October 6, 1934, transmitting the request of "The Oystermen's Bank and Trust Company", Sayville, New York, for permission to invest an amount not to exceed \$20,000 in renovating and altering its banking quarters.

"In view of the recommendation of your office and the fact that the investment of such an amount does not appear to be unduly large or improper or otherwise violate the spirit or purpose of condition numbered 8 prescribed in connection with the bank's application for membership, the Board interposes no objection to such investment in an amount not to exceed \$20,000 and it is requested that you advise the bank accordingly.

"The question raised by Mr. Dillistin in connection with the policy to be followed by your office in future cases



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"involving expenditures by State member banks for improvements in banking quarters where the amount involved is not unduly large or improper will be made the subject of a later communication."

Approved, together with a letter, also dated October 17, 1934, and approved by five members of the Board, to the Federal reserve agents at all Federal reserve banks, reading as follows:

"Standard condition of membership numbered 8 which has been prescribed for some time reads as follows:

"Such bank shall not permit any investment in a bank building or in a site for a bank building to assume such proportions as, in the judgment of the Federal Reserve Board, would endanger the bank's solvency or liquidity or would otherwise be unduly large or improper, and before any investment is made in a bank building or a site for a bank building the bank shall refer the matter to the Federal Reserve Board for consideration."

"Recently the question has been raised as to whether it is desired that all requests of banks subject to such condition for permission to make alterations and renovations in banking quarters, regardless of the proposed expenditures, be submitted to the Board or whether the Board would prefer to authorize the Federal reserve agents to approve such expenditures within certain limits.

"The purpose of the condition is to prevent excessive investments in bank premises and the condition was meant to apply primarily to purchases of land or buildings, the construction of new buildings, and major alterations. In order to expedite the handling of requests covering alterations and improvements, the Board authorizes the Federal reserve agents, without referring the matter to the Board, to grant permission to banks which are subject to condition numbered 8 referred to above to make alterations and improvements to their banking quarters when the cost of such alterations and improvements is not in excess of 10 per cent of the bank's capital stock and will not increase the bank's investment in bank premises to an amount in excess of 100 per cent of the bank's capital stock. Federal reserve agents are requested, however, to forward to the Board advice of all permissions granted in accordance with this letter. In case a Federal reserve agent is in doubt as to whether the expenditure involved in the proposed alterations or improvements would be in contravention of the spirit of the condition of membership, the request should be referred to the Board in the regular manner with his recommendation.

"It was not contemplated that the terms of the condition would include minor alterations which are charged to expense and not capitalized."

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Letter dated October 17, 1934, approved by five members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of September 13, 1934, which is in reply to the Board's letter of August 14, 1934, requesting information relative to the nature of an account variously labeled as 'Bond Discount Account', 'Reserve for Contingencies', and 'Bond Depreciation Reserve', carried by the 'Selah State Bank', Selah, Washington.

"It is noted that the account thus variously labeled is one and the same, that it is the bank's practice to carry all bonds at par, and that any premium at the time of purchase is charged to this account and any discount credited. In such circumstances, the account is not a reserve, but merely a bond discount and premium account which at the time of examination showed a credit balance.

"It would appear to be a more simple procedure if all bonds, when purchased, were set up on the bank's books at the purchase price. In view of the information submitted, however, the Board offers no objection to the continuation of the account for the purposes for which it is now being used, provided such method of carrying the account is sanctioned by the State Banking Department, and provided further that the amount of any credit balance in such account is deducted from the carrying value of the bonds in all published statements and in condition reports submitted to the Federal reserve bank. It is assumed, of course, that if the account is continued proper adjustments will be made in connection with the sales of securities and that no losses will be carried in the account."

Approved.

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

"There is transmitted herewith for your consideration an application of the 'Spokane and Eastern Trust Company', Spokane, Washington, a member bank, for permission to establish and operate a branch at Mason City, Washington.

"At the present time the Spokane and Eastern Trust Company is operating one branch located at Cheney, Washington (population 1,335), which was approved by your office on December 29, 1933.

"Mason City, Washington, is a new town being created and constructed near the site of the Grand Coulee Dam on the Columbia



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"River approximately ninety miles west of Spokane. It is estimated that Mason City will have a population of from 3,000 to 5,000 inhabitants, and the construction program of the government will last five years. The nearest banking facilities are in small surrounding villages twenty-five miles distant, and, from the information submitted, it is evident that banking facilities will be needed in the community.

"The Supervisor of Banking of the State of Washington has authorized the subject bank to establish a branch at Mason City, Washington, and the Assistant Federal Reserve Agent at San Francisco recommends that the application submitted herewith be approved.

"According to the information submitted, the condition of the bank is such as to warrant the establishment of the branch, and the Federal Reserve Board recommends that you approve the establishment and operation of a branch at Mason City, Washington, by the Spokane and Eastern Trust Company, Spokane, Washington.

"The attached file includes a letter dated October 9, 1934, and inclosures from Mr. Sargent, Assistant Federal Reserve Agent at San Francisco, report of credit investigation made by an examiner for the Federal Reserve Bank as of March 12, 1934, 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 advise the Board of your action on the application."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to the "Bethlehem National Bank", Bethlehem, Pennsylvania, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Pennsylvania, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

"This letter will be your authority to exercise the fiduciary powers granted by the Board. A formal certificate covering such authorization will be forwarded to you in due course.

"The Board feels that, if you are tendered any of the trusts now held by The Bethlehem National Bank, you should carefully



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"scrutinize their condition and should not accept any of such trusts which, through their assumption, may be detrimental to the interests of your institution."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The National Bank of Geneva', Geneva, New York, from \$500,000 to \$100,000, pursuant to a plan which provides that the bank's capital shall be increased by \$250,000 of preferred stock to be sold to the Reconstruction Finance Corporation and/or others, and that the released capital, together with a portion of the bank's undivided profits account, shall be used to eliminate all estimated losses and all depreciation in lower grade investment securities, all as set forth in your memorandum of October 8, 1934.

"This approval supersedes the Board's approval of April 26, 1934, of the original plan of capital reduction."

Approved.

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

"In accordance with your recommendation the Federal Reserve Board approves a reduction in the common capital stock of 'The National Iron Bank of Morristown', Morristown, New Jersey, from \$250,000 to \$125,000, pursuant to a plan which provides that the bank's capital shall be increased by \$600,000 of preferred stock to be sold to the Reconstruction Finance Corporation and/or others and that the released capital, together with the bank's surplus and undivided profits, shall be used to eliminate estimated losses and reduce the book value of lower grade investment securities to market value, all as set forth in your memorandum of October 1, 1934.

"In considering the plan under which a reduction in common capital is to be effected, it has been noted that the active management was severely criticized by your examiner. It is assumed, however, that you have this condition in mind, and that whenever it is feasible to do so you will require such changes as may be practicable."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Elmer', Elmer, New Jersey, from \$100,000 to \$25,000, pursuant to a plan which provides that the bank's capital shall be increased by \$125,000 of preferred stock to be sold to the Reconstruction Finance Corporation and/or others, and that the released capital shall be used to eliminate unsatisfactory assets, all as set forth in your letter of October 9, 1934.

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

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The City National Bank of Clinton', Clinton, Iowa, from \$400,000 to \$100,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$400,000 of preferred stock to the Reconstruction Finance Corporation and/or others, and that the released capital, together with \$100,000 of the bank's surplus and \$100,000 to be raised locally, shall be used to eliminate \$500,000 of unsatisfactory assets, all as set forth in your memorandum of September 24, 1934.

"In considering the plan under which the reduction in common capital stock is to be effected, it has been noted that the bank's directorate and management are severely criticised by your examiner. It is understood, however, that this matter is receiving the attention of your office."

Approved.

Telegram dated October 17, 1934, approved by five members of the Board, to the Federal reserve agents at all Federal reserve banks, reading as follows:

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"Ruling No. 27 interpreting Regulation T. The Federal Reserve Board has received inquiries as to whether a member of a national securities exchange may extend credit on unregistered, non-exempted securities in clearing for another broker or dealer transactions involving the purchase of such securities for cash by such other broker or dealer. The inquiries submitted indicate that in performing the function of clearing the transactions the clearing member furnishes the cash which is paid for the securities and thereby extends credit until he receives reimbursement either from the broker or dealer or from some subsequent purchaser. In reply the Board has called attention to the fact that section 7(c) of the Securities Exchange Act of 1934 forbids any member of a national securities exchange or any broker or dealer who transacts a business in securities through the medium of any such member to extend credit to any customer on unregistered, non-exempted securities for the purpose of purchasing or carrying securities. While the Act authorizes the Board to prescribe rules permitting the extension of credit on unregistered, non-exempted securities in certain circumstances, it denies the Board the right to grant such permission in cases where the extension of credit is for the purpose of purchasing or carrying securities. As the questions giving rise to this ruling indicate that the extensions of credit in the cases presented are for the purpose of purchasing or carrying securities, and that the credit is extended to 'customers' as that term is used in section 7(c) of the Securities Exchange Act of 1934 and in Regulation T, the Board has advised that such extensions of credit are prohibited by law and that no authority is given to the Board to permit them to be made."

Approved.

Telegram dated October 17, 1934, approved by four members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Regarding Gettemy's telegram October 13 with respect to whether, in case referred to in telegram, there is an 'extension of credit' within meaning of Board's RULING NO. 16 INTERPRETING REGULATION T. Board advises that existence of 'extension of credit' in any case will depend upon facts of that particular case and applicable provisions of State law. For this reason Board is unable to answer question in general form submitted but calls attention to RULING NUMBER 20 INTERPRETING REGULATION T which deals with cash transactions but which indi-



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"cates factors which Board considers important in determining when extension of credit occurs. Furthermore, as question in telegram refers to unlisted securities it should be borne in mind that section 7(c)(2) of Securities Exchange Act makes it unlawful for a creditor as defined in section 2(b) of Regulation T to extend credit to or for a customer without collateral or on collateral other than exempted and/or registered securities except in accordance with rules which Federal Reserve Board may prescribe and that Board is not empowered to prescribe rules authorizing such extensions of credit in cases where extension of credit is for purpose of purchasing or carrying securities."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. Peple, Deputy Governor of the Federal Reserve Bank of Richmond, reading as follows:

"This refers to your letters of September 18 and September 24, 1934, inclosing a copy of Governor Seay's letter of November 20, 1933, from which it appears that the Security National Bank of Greensboro, North Carolina, desires to open a special account with the Federal Reserve Bank of Richmond in which funds of its trust department may be deposited and held awaiting investment.

"It would not seem that such deposit by a national bank with a Federal reserve bank could be counted as a part of the bank's reserve balance required under section 19 of the Federal Reserve Act and in view of the legal responsibilities which might be assumed by a Federal reserve bank in accepting deposits made by a national bank in a fiduciary capacity, the advisability of a Federal reserve bank's opening such a special account for the deposit of trust funds of a national bank appears questionable. It may also be regarded as doubtful whether such a transaction is to be considered as falling within the scope of the purposes of the Federal Reserve Act. However, before expressing any opinion with regard either to the legal or practical aspects of this matter, the Federal Reserve Board would like to be informed of the view of the Federal Reserve Bank of Richmond as to the desirability of its undertaking to perform this function for a national bank."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

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"Receipt is acknowledged of your letter of October 2, 1934, inclosing a copy of a resolution which you state was passed by the board of directors of the Federal Reserve Bank of Chicago on September 28 approving certain suggested amendments to the by-laws of the Detroit branch of that bank.

"It is proposed that section 1 of Article II of the by-laws of the branch be amended so as to provide that a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and that section 5 of that article be amended so as to provide that, in the absence of the chairman of the board from any directors' meeting, the directors present shall designate one of their number to act as chairman of the meeting. It is also proposed to amend section 9 of Article II by striking out the provision that the Discount Committee shall meet 'each Thursday at 2:00 o'clock P.M. or at such other time as may be agreed upon by the Board', and by inserting in lieu thereof a provision that such committee shall meet 'at such times as shall be fixed by the Board of Directors from time to time'.

"The Federal Reserve Board approves of such amendments to the by-laws of the Detroit branch of the Federal Reserve Bank of Chicago, and requests that when they have been adopted you forward four copies of the amended by-laws to the Board for its records."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Honorable Jacob Viner, Assistant to the Secretary of the Treasury, reading as follows:

"Reference is made to your letter of October 2 transmitting certain correspondence relating to the application for an industrial loan in the amount of \$50,000 filed with the Federal Reserve Bank of Chicago by V. J. Jolliff, Detroit, Michigan, i.e., Coal, Incorporated, including memoranda prepared by your representatives, in which the position was taken that there was no legal objection to the approval of such application and that a loan might properly be granted if the credit aspects involved were satisfactory.

"On October 3 the Board wired Governor Schaller as to the facts in this case which was followed by an exchange of wires on the following day resulting in a conference in Chicago with Governor Schaller at which you were represented by Dr. Hardy. Governor Schaller has advised the Board that all the facts in the case were given to Dr. Hardy and it was explained that the legal objection raised in this case was only the basis of the



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"decision by the Industrial Advisory Committee at Chicago and that the reserve bank turned down the loan on the grounds that the security offered was not adequate and that the applicant was in an involved financial condition.

"The Board is in receipt of a letter dated October 10 from Governor Schaller reviewing the case somewhat in detail. However, since it is understood that you are now in possession of all the facts, there appears to be no necessity for the Board to go into the matter further although it would be glad to do so if you so desire.

"In accordance with the request contained in your letter of October 2, the papers transmitted therewith are being returned with this letter."

"P. S. Since this letter was written we have received additional advice from Governor Schaller that the applicant, prior to making an application to the reserve bank, had applied to the Reconstruction Finance Corporation at Detroit for the same accommodation, and that the Corporation also declined the application."

Approved.

Letter dated October 17, 1934, approved by five members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Receipt is acknowledged of the typewritten note which you placed on the bottom of the Board's letter of September 24, indicating that you spoke on industrial loans at the meeting of the Minnesota Bankers Association on September 19, and that you will probably speak on the same subject at meetings in Minnesota, North Dakota and South Dakota, and inquiring whether reports are desired in each instance to the effect that you have spoken on industrial loans. Receipt is also acknowledged of your letter of October 3, giving the dates on which you have arranged your talks to bankers in Minnesota.

"Since it appears that your remarks at each of the meetings referred to will be on the same subject and presumably along substantially the same lines, the Board feels that a resume outlining the substance of one of such talks will comply with the spirit of its letter of October 2, 1934, (X-8033) on this subject."

Approved, together with a letter, also dated October 17, 1934, and approved by five members of the Board, to the



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Governors and Federal reserve agents at all Federal reserve banks reading as follows:

"In response to a letter received from a Federal reserve agent advising the Board in regard to arrangements which he has made for a rather extensive speaking tour throughout his district for the purpose of discussing industrial loans and inquiring whether reports are desired by the Board in each instance with respect to the substance of his talks, the Board advised that, since it appeared that his remarks at each of the meetings shown on his schedule will be on the same subject and presumably along substantially the same lines, it feels that a resume outlining the substance of one of such talks would comply with the spirit of the Board's letter of October 2, 1934 (X-8033), on this subject."

Letter to Mr. Williams, Federal Reserve Agent at the Federal Reserve Bank of Cleveland, inclosing the following Clayton Act permit, and requesting that the agent withhold delivery of the permit to the applicant until he is satisfied that the Mansfield Telephone Company, which the applicant is serving as vice president, does not make loans secured by stock or bond collateral or that the applicant is complying with the provisions of section 8A of the Clayton Act, in which event the agent is authorized to transmit the permit to the applicant. The letter also requested that the agent inform the Board of the action taken in the matter:

Mr. Hoyt Ford, for permission to serve at the same time as a director of The Citizens National Bank and Trust Company of Mansfield, Mansfield, Ohio, and as a director and officer of the Bellville Savings Bank, Bellville, Ohio.

Approved.

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

"Reference is made to the Clayton Act application of

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"L. A. Schreiner, Kerrville, Texas, to be at the same time a private banker doing business under the name of Chas. Schreiner Bank (unincorporated) and director of The Frost National Bank of San Antonio. It is not clear from the application whether Mr. Schreiner is the sole owner of the business known as Chas. Schreiner Bank or whether that business is a partnership in which he is a partner.

"Since Section 8 of the Clayton Act apparently is not applicable to the services detailed in Mr. Schreiner's application, for the reason that the two organizations are not located in the same city of over 200,000 inhabitants and the private bank does not have deposits, capital and surplus aggregating more than \$5,000,000, it appears that a permit, if required at all, is made necessary only by the provisions of Section 8A of that act. In this connection, Section 8A, as applicable to this case, prohibits a director, officer or employee of any bank organized under the laws of the United States from being at the same time a member of a partnership organized for any purpose whatsoever which shall make loans secured by stock or bond collateral. Therefore, if the Chas. Schreiner Bank is not a partnership but is wholly owned by one individual, the provisions of Section 8A would not apply and no permit would be necessary to enable the owner of such business to be at the same time a director of a national bank.

"In the circumstances, it is requested that you determine and advise the Board whether Chas. Schreiner Bank is a partnership or an individual enterprise. If it is found to be an individual enterprise, you are authorized to inform Mr. L. A. Schreiner that the permit applied for by him is not necessary to validate the services enumerated in his application."

Approved.

Letters dated October 17, 1934, approved by five members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. E. Stephens Valliant, for permission to serve at the same time as a director of The Centreville National Bank of Maryland, Centreville, Maryland, and as a director of The Church Hill Bank of Maryland, Church Hill, Maryland.

Mr. Amos Miller, for permission to serve at the same time as a director of The First National Bank of Litchfield, Litchfield, Illinois, and as a director and officer of The Montgomery County Loan and Trust Company, Hillsboro, Illinois.

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Mr. Rice Miller, for permission to serve at the same time as a director of The First National Bank of Litchfield, Litchfield, Illinois, and as a director of The Hillsboro National Bank, Hillsboro, Illinois.

Mr. R. D. Wiley, for permission to serve at the same time as a director and officer of The First National Bank in Wellington, Wellington, Texas, and as a director of The First National Bank of Lakeview, Lakeview, Texas.

Approved.

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

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 6</u>		
The First National Bank of Jacksonville,	18	18
Jacksonville, Alabama		

Approved.

Thereupon the meeting adjourned.

C. Ester Howell  
Secretary.

Approved:

J. J. Thomas  
Vice Governor.