

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

PRESENT: Mr. Hamlin, Presiding
Mr. Miller
Mr. James

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

The Committee considered and acted upon the following matters:

Memoranda dated October 19, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending the extension, for another period of thirty days, of the temporary employment of Miss Claire C. Atkins, Miss Helene L. Kearney, and Miss Frederica G. Ritter as stenographers in the division, with compensation at the same rate as their previous employment.

Approved.

Letter to the board of directors of the "Farmers State Bank", Scribner, Nebraska, 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 Kansas City.

Approved.

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

"Refer Fletchers letter October 17, 1934, Board extends to November 24, 1934 the time within which 'The Ohio-Merchants Trust Company', Massillon, Ohio may accomplish its admission to membership. Please advise the bank accordingly."

Approved.

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

"Reference is made to the report of examination of the 'Woodlawn Trust Company', Aliquippa, Pennsylvania, as of July 30, 1934, and the supplemental information submitted in connection therewith, particularly Mr. Fletcher's letter of September 22, 1934.

"The report of examination reflects a net sound capital of only \$171,000 after allowance for estimated losses, doubtful assets, and depreciation in securities, as compared with deposits of \$3,019,000, and Mr. Fletcher reports that despite every effort you have been unable to convince the directors of the bank that an increase in its capital is necessary. It has been noted, also, that although the directors took no exception to the classification of losses or doubtful assets as shown in the report of examination, they preferred to defer making any charge-offs until after the next regular examination by the State Banking Department, which Mr. Fletcher advises will be conducted sometime during the month of November.

"The Board concurs in your opinion that an increase in capital is desirable in order to provide a more adequate ratio of net sound capital to deposits, particularly in view of the bank's heavy investment in banking house and other real estate. The Board does not understand, however, that there are any steps which the Federal Deposit Insurance Corporation could take in the circumstances which could not be taken by the Federal Reserve Board or the Federal Reserve Agent, and accordingly does not believe that it would serve any useful purpose to refer the matter to the Federal Deposit Insurance Corporation, as recommended by your executive committee, in an endeavor to convince the bank that an increase in its capital should be effected.

"The Woodlawn Trust Company has an application pending for a voting permit in connection with its holdings of stock of the First National Bank of Aliquippa. In acting upon applications for voting permits the Board is required to consider, among other things, the financial condition of the applicant, and, accordingly, as you were advised in the Board's letter of September 28, 1934, X-8028, it is the policy of the Board as a condition precedent to the granting of general voting permits to require holding company affiliates and their subsidiary banks to comply with conditions of the same general nature as to the elimination of criticized assets as are prescribed in connection with applications for membership. In considering applications for voting permits, due weight is also given to the adequacy of the capital structure of the banks involved. It is assumed that the Woodlawn Trust Company and other banks involved in applications for voting permits have been or will be advised in due course of these general policies.

"The report of examination of the trust department discloses that substantially all of the investments of the individual trusts

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"consist of certificates of participation in mortgage loans and it appears that the underlying mortgages have been purchased from the bank. Self-dealing violates the fundamental principles of trusteeship and in so doing a bank may incur heavy liability. In this connection the Statement of Principles of Trust Institutions which was incorporated in the Bankers' Code of Fair Competition has the following comments:

'It is a fundamental principle that a trustee should not have any personal financial interest, direct or indirect, in the trust investments, bought for or sold to the trusts of which it is trustee, and that it should not purchase for itself any securities or other property from any of its trusts. Accordingly, it follows that a trust institution should not buy for or sell to its estates or trusts any securities or other property in which it, or its affiliate, has any personal financial interest, and should not purchase for itself, or its affiliate, any securities or other property from its estates or trusts.'

"It has been noted also that mortgage participation certificates amounting to \$28,800 held by two trusts have been guaranteed by the bank. The Board does not feel that guaranteeing loans is a proper function for a member bank, and it will be appreciated if you will advise the Board whether the practice has been discontinued as recommended by your examiner.

"Please advise the Board also as to the action taken by the bank regarding the elimination of losses following the examination by the State authorities to be made within a short time and as to any developments regarding the strengthening of the bank's capital structure."

Approved.

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

"Reference is made to your letter of October 13, 1934, inclosing copy of a letter dated October 8, 1934, from the 'Security Bank of Myrtle Point', Myrtle Point, Oregon, which was admitted to membership on March 22, 1934, wherein the bank requests a further extension of time in which it may comply with condition of membership numbered 17, which provides that

Within three months from the date of its admission to membership, such bank shall reduce all loans which are in excess of the limits prescribed by the laws of the State of Oregon to amounts within such limits.

"On June 11, 1934, the Board extended until September 22, 1934, the time within which the bank might comply with the provisions of condition of membership numbered 17, and it has been

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"noted that within that time all of the bank's loans had been reduced to amounts within legal limits except the line of Harry G. Dement, which loan is in the process of being refinanced.

"In view of all the circumstances and your recommendation, the Board grants an extension of time to November 30, 1934, within which the Security Bank of Myrtle Point may comply with the provisions of membership condition numbered 17, and it is requested that you advise the bank accordingly."

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 Second National Bank of Cumberland', Cumberland, Maryland, from \$500,000 to \$250,000, 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 that the released capital shall be used to eliminate all estimated losses and to establish a reserve for contingencies, all as set forth in your letter of October 10, 1934."

Approved.

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

"The Federal Reserve Board has considered the applications of 'Consolidated Securities Company' and 'Anglo National Corporation', both of San Francisco, California, for limited voting permits entitling such corporations to vote the stock which they own or control of 'First National Bank in Oakland', Oakland, California, for the purpose of placing said bank in liquidation, and for the purpose of authorizing the sale of its assets to 'The Anglo California National Bank of San Francisco', San Francisco, California, and has authorized the issuance of such permits upon the condition stated below.

"Prior to the issuance of the limited voting permits authorized herein, Consolidated Securities Company shall agree to execute and file with you in triplicate within 60 days from the date of said agreement, a voting permit application in the form outlined herein. You are authorized to deliver to the applicants the permits inclosed herein as soon as Consolidated Securities Company has made an agreement in accordance with the above condition.

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"A new application is required from Consolidated Securities Company because of the fact that the application now on file is inaccurate and incomplete. Such new application should include F.R.B. Form P-1 and Exhibits A, C, J, L, and N, and should request that Exhibits B, D, E, F, G, K, M and O, now on file with the Federal Reserve Board, be incorporated by reference in the new application.

"In the application now on file, F.R.B. Form P-1, although executed by Consolidated Securities Company, names Anglo National Corporation as the applicant. Form P-1 should name Consolidated Securities Company as the applicant, and should be an application for a permit entitling Consolidated Securities Company to vote the stock of its subsidiary member banks. In other words, the name of Anglo National Corporation should not appear at all on Form P-1 or on Exhibit C.

"Exhibit A should list all of the subsidiary member banks of Consolidated Securities Company, as defined in section II(e) of the Board's Regulation P, including member banks the stock of which is owned directly by Consolidated Securities Company, or is controlled indirectly through its control of Anglo National Corporation.

"In connection with Exhibits L and N, it has been noted that a statement appears in Exhibit K, now on file with the Board, that Anglo Corporation, Anglo California Company, Anglo Investment Company and Amalgamated Properties Company have been placed in formal liquidation. If these corporations are in formal liquidation, no Exhibits L and N covering such corporations need be filed. It appears, however, that Exhibits L and N covering Modesto Trust and Savings Bank, Modesto, California, Bank of Tehama County, Red Bluff, California, The Redding Savings Bank, Redding, California, Anglo National Corporation, San Francisco, California, and First National Oakland Corporation, Oakland, California, should be filed. Exhibit L should name Consolidated Securities Company rather than Anglo National Corporation as applicant, and Exhibit N should be executed by Consolidated Securities Company rather than by Anglo National Corporation. No Exhibit H or I is required in view of the fact that such exhibits would merely be duplicates of Exhibits H and I filed by Anglo National Corporation."

Approved.

Letter to the Federal reserve agents at all Federal reserve banks, reading as follows:

"The Board's letter of October 6, 1934, X-8046, referred to the instructions to examiners regarding the classification of industrial loans made under the provisions of section 13(b) of the Federal Reserve Act.

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"The instructions referred to loans which have been transferred in whole or in part to a Federal reserve bank, or in connection with which a Federal reserve bank has extended a commitment. It is requested that in each report of examination made by your examiners all such loans be listed in a separate schedule immediately following supplemental pages 6, together with a summary of the pertinent credit data regarding each loan. In accordance with previous instructions, however, the only classification of such loans should be as to apparent losses."

Approved.

Letter to Mr. C. E. Williams, Baltimore, Maryland, reading as follows:

"Receipt is acknowledged of your letters of October 17 and 18 in regard to the purchase by the Federal Reserve Board of a building site. For your information in this connection there is inclosed a copy of the Act of June 19, 1934, and your special attention is directed to Section 4 in regard to the acquisition of a site and a building by the Federal Reserve Board.

"While steps have been taken to acquire from the Treasury Department a certain site there are various details which remain to be worked out before the transfer of title can take place and arrangements have not yet been made by the Federal Reserve Board with respect to the employment of an architect or the letting of a contract for the construction of a building.

"In the circumstances, I am not in position at this time to furnish you with a release for publication."

Approved.

Letters to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, referring to the following applications for permits under section 32 of the Banking Act of 1933; each letter stating that it appears that the relationship covered by the application is within the class which section 32 was designed to terminate, and that, accordingly, the Board is unable to find that it would not be incompatible with the public interest as declared by the Congress to

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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. Bertram Cutler, for permission to serve at the same time as a director of The Chase National Bank of the City of New York, New York, New York, as a director of the Morristown Trust Company, Morristown, New Jersey, and as a director of the Tri-Continental Corporation, New York, New York.

Mr. Edwin P. Maynard, for permission to serve at the same time as an officer and trustee of the Brooklyn Trust Company, Brooklyn, New York, and as a director of the Capital Administration Company, Ltd., New York, New York.

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, referring to the following application for a permit under section 32 of the Banking Act of 1933, and stating that it appears that the relationship covered by the application is within the class which section 32 was designed to terminate, and that, accordingly, the Board is unable to find that it would not be incompatible with the public interest as declared by the 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. Bayard F. Pope, for permission to serve at the same time as a director and chairman of the Advisory Committee of The Marine Midland Trust Company of New York, New York, and as a director of Selected Industries Incorporated, Jersey City, New Jersey.

The letter also stated that the comments contained therein apply equally to the application under section 32 of Mr. Eugene W. Stetson for a permit to serve as officer and director of the Guaranty Trust Company of

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New York, New York, New York, and as director of Selected Industries Incorporated; to the application of Mr. Harold E. Talbott, Jr., for a permit to serve as director of The Commercial National Bank and Trust Company of New York, New York, New York, and as director of Selected Industries Incorporated; and to the application of Mr. Curtis E. Calder for a permit to serve as director of The National City Bank of New York, New York, New York, and as director of Selected Industries Incorporated.

Approved.

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

"Reference is made to the application of Mr. Eugene W. Stetson under the provisions of section 32 of the Banking Act of 1933 for a permit authorizing him to serve as an officer and director of Guaranty Trust Company of New York and as director of W. A. Harriman Securities Corporation, both of New York, New York, and to your letter of August 13, 1934, inclosing a copy of a letter dated May 14, 1934, from Mr. Stetson and a copy of the opinion of counsel of your bank dated August 13, 1934, with reference to the applicability of section 32 of the Banking Act of 1933 to W. A. Harriman Securities Corporation.

"In his letter of May 14, 1934, Mr. Stetson quotes the following from a letter from the corporation regarding the business transacted by it:

'I think the first thing that should be said about the W. A. Harriman Securities Corporation is that it is a private trust. There are only 49 stockholders, and the amount of stock owned by those other than Directors is negligible. * * * The original idea was to take a position in the securities of corporations known to the Directors, from a long-term point of view rather than of buying, and selling immediately. Due to developments since the beginning of 1930, there was very little to be done of this nature, consequently our activities have been restricted almost entirely to the purchase and sale of securities listed on the New York Stock Exchange and the Curb Exchange.'

"It thus appears that one of the principal objects for which the corporation was formed was, as stated in answer to Question No. 1 on F.R.B. Form 99c, to engage in 'the business of holding for income and for capital appreciation the securities of other corporations.' However, it appears from the above statement,

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"as well as from the statistical information which has been submitted, that the corporation has been purchasing and selling securities considerably more actively than was originally intended and that, as of December 31, 1933, about 20% of the securities in its portfolio had been held for less than six months and an additional 45% had been held between six and twelve months.

"Moreover, it appears that the turnover in its portfolio as compared to total assets has been:

<u>Year</u>	<u>Purchases</u>	<u>Sales</u>
1930	70.92%	87.02%
1931	17.64%	21.89%
1932	18.05%	35.15%
1933	85.44%	53.36%

Average for four years 47.17% 51.44%

"On the basis of the above information, W. A. Harriman Securities Corporation appears to be actively engaged in buying and selling securities to such an extent that the Board believes that it is 'engaged primarily in the business of purchasing, selling, or negotiating securities' within the meaning of section 32.

"As you know, the Board believes Congress enacted section 32 with the intention of terminating all relationships of certain types between member banks and companies engaged primarily in the business of purchasing, selling, or negotiating securities, apparently because it felt that such relationships might tend to influence the banks' policies in a manner which Congress deemed to be incompatible with the public interest. In view of this policy, the Board feels that it may not properly grant permits authorizing relationships which are of the kind actually referred to in that section.

"Since the relationship referred to in the first paragraph of this letter is apparently within the class which the Board believes section 32 was designed to terminate, it is unable to find that it would not be incompatible with the public interest as declared by Congress to grant a permit for the continuance of such relationship. In the circumstances, unless there are other facts which you believe should be brought to the attention of the Board, it will be appreciated if you will advise Mr. Stetson accordingly.

"As pointed out in your letter of August 13, 1934, Mr. William Averill Harriman has filed an application under the provisions of section 32 for a permit authorizing him to serve as director of the Guaranty Trust Company of New York and as Chairman of the Board of W. A. Harriman Securities Corporation. In addition, the Board has received directly from Mr. Charles A. Munroe, President, Columbia Oil & Gasoline Corporation, 61 Boardway, New York, New York, an application, in duplicate, under the

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"provisions of section 32 for a permit to serve as Chairman of the Board and director of the American National Bank in Winter Haven, Winter Haven, Florida, as director of The Greenwich Trust Company, Greenwich, Connecticut, and as president and director of W. A. Harriman Securities Corporation. One copy of this application is being forwarded to you herewith for your files. Of course, what has been said above respecting the application of Mr. Stetson applies equally to these two applications.

"It is noted from the answer to Question No. 5 on F.R.B. Form 99a that Mr. Harriman is also serving as director of the International European Investing Corporation, the Merchant Sterling Corporation and the Orama Securities Corporation, all of New York, New York, which are described as investment companies. In a letter dated January 2, 1934, to the Federal Reserve Bank of New York, a copy of which is annexed to his application, Mr. Harriman states that Messrs. Davis, Polk, Wardwell, Gardiner & Reed, his counsel, have rendered an opinion that none of the corporations mentioned in his application, with the possible exception of W. A. Harriman Securities Corporation, is 'engaged primarily in the business of purchasing, selling, or negotiating securities'. The attorneys' opinion is not annexed to the application. Despite the conclusion of Mr. Harriman's attorneys, it is assumed that with the assistance of your counsel you will consider whether the provisions of section 32 may be applicable in connection with Mr. Harriman's service to International European Investing Corporation, Merchant Sterling Corporation and Orama Securities Corporation and that you will take such action, if any, as you may deem necessary to bring about compliance with the law. Of course, if you or your counsel deem it advisable to submit the question to the Board for a ruling, it will be glad to pass upon it. In the event such a ruling is desired, however, the Board would like to have a full and definite statement of all pertinent facts, accompanied with an expression of your views on the question whether section 32 is applicable to the relationships concerned."

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, referring to the following application for a permit under section 32 of the Banking Act of 1933, and stating that it appears that the relationship covered by the application is within the class which section 32 was designed to terminate, and that, accordingly, the Board is unable to find that it would not be incompatible with the public interest as

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declared by the 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. Clarence Walters, for permission to serve at the same time as an officer and director of The First National Bank of Belvidere, Belvidere, New Jersey, as a director of The Phillipsburg National Bank and Trust Company, Phillipsburg, New Jersey, and as an officer and director of the Warren Title and Mortgage Guaranty Company, Phillipsburg, New Jersey.

Approved, together with a letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Among the inclosures accompanying your letter of August 13, 1934, relating to the application of Mr. Clarence Walters under the provisions of section 32 of the Banking Act of 1933 for a permit to serve as officer and director of The First National Bank of Belvidere, Belvidere, New Jersey; as director of The Phillipsburg National Bank and Trust Company, Phillipsburg, New Jersey; and as officer and director of Warren Title and Mortgage Guaranty Company, Phillipsburg, New Jersey, was a copy of a letter dated July 2, 1934, from Mr. C. A. Gough, Deputy Commissioner of the Department of Banking and Insurance of the State of New Jersey.

"That letter contains several paragraphs referring to specific mortgage guaranty companies in the State of New Jersey, and then contains the following paragraph:

'All other mortgage guaranty companies in the State, with one exception, the Warren Title and Mortgage Guaranty Company, of Phillipsburg, are operating under restrictions as issued by this Department and under which restrictions they are precluded from issuing any further guarantees. The various companies, however, are otherwise going concerns in possession of their regular officers and directors.'

"The meaning of this paragraph is not entirely clear, but, if it means that all of the mortgage guaranty companies in the State, with the exception of the Warren Title and Mortgage Guaranty Company, are forbidden to issue any further participation certificates or 'bonds', it would seem that there might be no necessity of giving further consideration at this time to applications under section 32 involving such mortgage guaranty companies in the State of New Jersey, unless the restrictions are of such a temporary character that these companies may still be regarded as 'engaged' in the business

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"of selling such participation certificates within the meaning of section 32. In this connection, reference is made to the footnote on page 1 of Regulation R.

"It will be appreciated if you will furnish the Board with your comments regarding this question."

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

"The Board has given consideration to the application of Mr. V. L. P. Shriver, Pittsburgh, Pennsylvania, for permission under the provisions of the Clayton Act to serve at the same time as director of The First National Bank of Cumberland, Cumberland, Maryland, The Union National Bank of Pittsburgh, Pittsburgh, Pennsylvania, and The Coraopolis Trust Company, Coraopolis, Pennsylvania. Upon the basis of the information before it, the Board feels that the issuance of the permit applied for would be incompatible with the public interest.

"On September 14, 1923, the Board issued to Mr. Shriver a Clayton Act permit covering his service as director of The Union National Bank of Pittsburgh and The First National Bank of Cumberland. For the same reasons which prompted the refusal of the present application, the Board feels that the permit which previously has been issued should be revoked.

"Accordingly, you are requested to advise Mr. Shriver of the Board's position in the matter unless there are pertinent facts which were not submitted with the application which you feel should be given consideration. If you deem it desirable or necessary you are authorized to inform Mr. Shriver that the Board's action with reference to his present application as well as to the permit which previously has been issued to him was based upon his non-attendance at directors' meetings at The First National Bank of Cumberland and at The Coraopolis Trust Company. The Board feels that a director should have a satisfactory record of discharging his duties and responsibilities by participating in the management and operations of a bank which he is serving through attendance at directors' meetings.

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

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"to take in order to comply with the provisions of the Clayton Act."

Approved.

Letter to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, stating that the Board has given consideration to the following application for a permit under the Clayton Act, and that, upon the basis of the information before it, concurs in the agent's opinion that the issuance of the permit applied for would be incompatible with the public interest. The letter also requested the agent to communicate to the applicant the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. P. W. Anderson, for permission to serve at the same time as a director and officer of the Marshall National Bank and Trust Company, Marshall, Virginia, and as a director of The Rappahannock National Bank of Washington, Washington, Virginia.

The letter stated also that, in the consideration of the application, it was noted that, in addition to serving the national banks named in his application, Mr. Anderson was president and director of the Frost Realty Corporation, which corporation, according to the applicant's answer to question 13 on F. R. B. Form 94, makes loans secured by stock or bond collateral; that since the Frost Realty Corporation apparently is not a banking institution within the meaning of the Clayton Act, it appears that the services of the applicant with either of the national banks and with the Frost Realty Corporation would be prohibited under the provisions of section 8A of the Act if the latter organization still makes loans secured by stock or bond collateral; and that, therefore,

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the Board suggests that the agent inform the applicant of the provisions of section 8A of the Clayton Act and of the steps which it apparently will be necessary for him to take in order to bring his services within the provisions of that section. The letter requested further that the agent advise the Board of the action taken in the matter.

Approved.

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

"The Board has given consideration to the applications of Mr. Thomas B. Finan, Cumberland, Maryland, for permission under the provisions of the Clayton Act to serve as director of The First National Bank of Cumberland and as officer of The Liberty Trust Company, both of Cumberland, Maryland; Mr. Hugh A. McMullen to serve as director of The First National Bank of Cumberland, Chairman of Executive Committee of The Liberty Trust Company, both of Cumberland, Maryland, and director of the Fidelity Savings Bank, Frostburg, Maryland; Mr. H. A. Pitzer, Cumberland, Maryland, and Mr. Henry Shriver, Cumberland, Maryland, to serve as director and/or officer of The First National Bank of Cumberland, Cumberland, Maryland, and The First National Bank of Mount Savage, Mount Savage, Maryland; and Mr. V. L. P. Shriver, Pittsburgh, Pennsylvania, as director of The First National Bank of Cumberland, Cumberland, Maryland, The Union National Bank of Pittsburgh, Pittsburgh, Pennsylvania, and The Coraopolis Trust Company, Coraopolis, Pennsylvania. Upon the basis of the information before it, the Board concurs in your opinion that the issuance of the permits applied for would be incompatible with the public interest. You are requested to advise the applicants of the Board's position in the matter, unless there are pertinent facts which were not submitted with the applications and which you feel should be given consideration.

"If you deem it desirable or necessary, you are authorized to inform the applicants that the Board's action upon these applications was based largely upon the apparent abuse of the banks credit facilities and the substantial competition between The First National Bank of Cumberland and The Liberty Trust Company and the apparent domination of these banks by Messrs. Finan and McMullen. In the case of Mr. V. L. P. Shriver, non-attendance at directors' meetings was the determining factor. The Federal Reserve Agent at Cleveland has been advised of the Board's action with respect to the application of Mr. V. L. P. Shriver and has been requested to notify the applicant.

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"It was noted that Messrs. Finan, McMullen and Henry Shriver applied in 1921 for permits under the provisions of Section 8 of the Clayton Act to serve as directors of The First National Bank of Cumberland and The Liberty Trust Company and that the permits were denied. Thereafter, in order to effect a technical compliance with the law, they have served as members of the Executive Committee of the Trust Company but not as directors. While Mr. Henry Shriver does not apply for permission to serve the Liberty Trust Company and it is possible that he no longer serves as a member of the Executive Committee, the applications and the examiner's reports indicate that Messrs. Finan and McMullen continue to attend the meetings of the directors of the trust company, accept compensation for their services and dominate its policies. It now appears that their services and the positions held by them as officers or employees of The Liberty Trust Company and as officers and/or directors of the national banks involved are definitely within the prohibitions of Section 8A of the Clayton Act.

"In communicating with the applicants, please advise them that, in accordance with Section V (g) of Regulation L, consideration will be given to any additional facts or arguments not appearing in their applications and accompanying forms which they feel should be brought to the Board's attention. In this connection, please advise the Board promptly as to whether these gentlemen desire to submit additional data, and, if not, as to what steps they propose to take in order to comply with the provisions of the Clayton Act."

Approved.

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

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. J. E. Wagner, c/o Cudahy Packing Company, 221 North La Salle Street, Chicago, Illinois, to serve at the same time as director of The First National Bank in East Chicago, as director of The Union National Bank of Indiana Harbor at East Chicago, both of East Chicago, Indiana, and as director and officer of The Union Stockyards National Bank, Wichita, Kansas, for transmittal by you to the applicant and the three banks and a copy for your files. There is also inclosed a copy of the permit to be forwarded by you to the Federal Reserve Agent at Chicago when and if the permit is released to the applicant.

"In considering the application of Mr. Wagner, it was noted in the report of examination of The Union Stockyards

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"National Bank of Wichita, Kansas, as of June 19, 1934, that the applicant owned only \$800 par value of capital stock of this institution and the examiner reported that he was disqualified to serve as a director for this reason. Accordingly, the Board requests that before transmitting the permit to the applicant and copies to the banks involved, you ascertain that Mr. Wagner is legally qualified to serve as a director of The Union Stockyards National Bank, Wichita, Kansas.

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

Approved.

Letters to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, stating that the Board has reconsidered the following applications for permits under the Clayton Act and, in view of the additional information submitted and the promises of the applicants to improve their attendance at directors' meetings in the future, has granted the permits. Each letter inclosed the Clayton Act permit granted; suggested that, when transmitting the permit to the applicant, the agent inform him that it is with the expectation that he will satisfactorily attend directors' meetings 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 the applicant's attendance at directors' meetings:

Mr. A. R. Davis, for permission to serve at the same time as a director and officer of The State National Bank of Garland, Garland, Texas, and as a director of The Citizens National Bank of Denison, Denison, Texas.

Mr. Ford Seale, for permission to serve at the same time as a director of The State National Bank of Garland, Garland, Texas, and as a director and officer of The Citizens National Bank of Denison, Denison, Texas.

Approved.

Letters to applicants for permits under the Clayton Act,

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advising of approval of their applications as follows:

Mr. Mills B. Lane, for permission to serve at the same time as a director and officer of The Citizens and Southern National Bank, Savannah, Georgia, as a director and officer of The Citizens and Southern Bank of South Carolina, Charleston, South Carolina, and as a director and officer of the Citizens and Southern Bank of Dublin, Dublin, Georgia.

Mr. V. B. Jenkins, for permission to serve at the same time as an employee of The Citizens and Southern National Bank, Savannah, Georgia, and as a director and officer of the Citizens and Southern Bank of Dublin, Dublin, Georgia.

Mr. Wm. Murphey, for permission to serve at the same time as a director and officer of The Citizens and Southern National Bank, Savannah, Georgia, as a director and officer of the Albany Exchange National Bank, Albany, Georgia, and as a director and officer of the Citizens and Southern Bank of Thomaston, Thomaston, Georgia.

Mr. Jno. E. Wallace, for permission to serve at the same time as an officer of The Citizens and Southern National Bank, Savannah, Georgia, and as a director and officer of the Citizens and Southern Bank of Thomaston, Thomaston, Georgia.

Mr. H. Lane Young, for permission to serve at the same time as a director and officer of The Citizens and Southern National Bank, Savannah, Georgia, as a director of The LaGrange National Bank, LaGrange, Georgia, and as a director of the Central Bank for Co-operatives, Washington, D. C.

Approved, together with a letter to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"There are inclosed for your files copies of the Clayton Act permits granted to Messrs. Mills B. Lane, V. B. Jenkins, Wm. Murphey and Jno. E. Wallace, Savannah, Georgia, and to Mr. H. Lane Young, Atlanta, Georgia, to serve at the same time as director, officer and/or employee of The Citizens and Southern National Bank, Savannah, Georgia, and other banks, as indicated in their respective permits.

"In the consideration of these applications it was noted that the attendance of Mr. Lane at directors' meetings of The Citizens and Southern Bank of South Carolina and of Citizens and Southern Bank of Dublin, the attendance of Mr. Murphey at directors' meetings of Albany Exchange National Bank, and the attendance of Mr. Young at directors meetings of The Citizens and Southern National Bank

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"and The LaGrange National Bank was irregular and infrequent.

"In granting the permits the Board took into consideration the fact that Messrs. Lane, Murphey and Young are reported to keep in touch with the affairs of the banks through periodical reports and that in the case of Messrs. Lane and Young they had advised you that it would be their purpose in the future to attend more regularly the directors' meetings of the banks they serve. The Board feels that a director should have a satisfactory record of participation in the management and operations of a bank which he is serving through attendance at directors' meetings, and you are requested to advise Messrs. Lane, Murphey and Young that it is with the expectation that they will improve their attendance at directors' meetings of the respective banks that the permits have been granted. The Board also requests that when you submit your recommendations as a result of your annual review of these permits, you report fully as to the attendance of Messrs. Lane, Murphey and Young at directors' meetings.

"A copy of the permit granted to Mr. Young has been sent to the Federal Reserve Agent at Richmond for his files."

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

Mr. Edward Bailey, for permission to serve at the same time as a director and officer of The Harrisburg National Bank, Harrisburg, Pennsylvania, as a director of the Harrisburg Trust Company, Harrisburg, Pennsylvania, and as a director of the Steelton Bank and Trust Company, Steelton, Pennsylvania.

Mr. J. N. Morrow, for permission to serve at the same time as a director and officer of The Citizens National Bank of Washington, Washington, Pennsylvania, and as a director of The Union National Bank of Waynesburg, Waynesburg, Pennsylvania.

Mr. E. L. Carmines, for permission to serve at the same time as a director and officer of the Citizens Bank of Poquoson, Odd, Virginia, and as a director and officer of The Merchants' National Bank of Hampton, Hampton, Virginia,

Mr. R. C. Winne, for permission to serve at the same time as a director and officer of The Merchants' National Bank of Hampton, Hampton, Virginia, and as a director of the Citizens Bank of Poquoson, Odd, Virginia.

Mr. L. M. Newcomb, for permission to serve at the same time as a director and officer of The Old Point National Bank of Phoebus, Phoebus, Virginia, and as a director and officer of The Merchants' National Bank of Hampton, Hampton, Virginia.

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Mr. L. M. von Schilling, for permission to serve at the same time as a director and officer of The Merchants' National Bank of Hampton, Hampton, Virginia, as a director and officer of The Old Point National Bank of Phoebus, Phoebus, Virginia, and as a director and officer of the Bank of Fox Hill, Route #3, Hampton, Virginia.

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

Mr. C. B. Robbins, for permission to serve at the same time as a director of The Merchants National Bank of Cedar Rapids, Cedar Rapids, Iowa, and as a director of the Federal Home Loan Bank, Des Moines, Iowa.

Mr. C. H. Estabrook, for permission to serve at the same time as a director and officer of The First National Bank of Ottawa, Ottawa, Kansas, and as a director of The Lane State Bank, Lane, Kansas.

Mr. R. B. Holt, for permission to serve at the same time as a director and officer of The First National Bank of Springfield, Springfield, Colorado, as a director and officer of The Colorado State Bank, Walsh, Colorado, and as a director and officer of the First State Bank, Pritchett, Colorado.

Mr. Harvey McKinnis, for permission to serve at the same time as a director of the First State Bank, Pritchett, Colorado, and as a director and officer of The First National Bank of Springfield, Springfield, Colorado.

Mr. J. A. Spikes, for permission to serve at the same time as a director and officer of The First National Bank of Springfield, Springfield, Colorado, and as a director of the First State Bank, Pritchett, Colorado.

Mr. W. P. Allen, for permission to serve at the same time as a director and officer of The American National Bank of Terrell, Terrell, Texas, and as a director of The State National Bank of Grand Saline, Grand Saline, Texas.

Mr. C. A. Phillips, for permission to serve at the same time as a director and officer of The First National Bank of Paducah, Paducah, Texas, and as a director of The Security National Bank of Quanah, Quanah, Texas.

Approved.

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Thereupon the meeting adjourned.

Greta Moring
Secretary.

Approved:

CSA [Signature]
Chairman, Executive Committee.