

A meeting of the Federal Reserve Board was held in Washington on Friday, October 26, 1934, at 3:00 p. m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary

The minutes of the meetings of the Federal Reserve Board held on September 25, 26 (two meetings), and 27, 1934, were approved.

The minutes of the meetings of the Executive Committee of the Federal Reserve Board held on September 22, 24, 26, and 27, and October 1, 2, 4, 5, 6, and 9, 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 22, 1934, were approved.

The minutes of the meeting of the Executive Committee of the Federal Reserve Board with representatives of the Industrial Advisory Committees of the twelve Federal reserve districts held on September 27, 1934, were approved.

Mr. Morrill reported that the Comptroller of the Currency today issued a call on all national banks for reports of condition as at the close of business on October 17, 1934, and that, in accordance with the usual practice, a call was made on behalf of the Federal Reserve Board on all State member banks for reports of condition as of

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the same date.

The call made on behalf of the Board was ratified.

The Board then considered and acted upon the following matters:

Renewal bond in the amount of \$50,000, executed on October 1, 1934, by Mr. Oliver P. Wheeler as Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco.

Approved.

Letter dated October 25, 1934, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegram dated October 26, 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.

Letter dated October 25, 1934, approved by five members of the Board, to the board of directors of "The Brecksville Bank Company", Brecksville, Ohio, reading as follows:

"As you were advised in its letter of August 28, 1934, the Federal Reserve Board has approved the application of 'The Brecksville Bank Company' for membership in the Federal Reserve System subject to the conditions contained in that letter.

"This is to advise you that the Federal Reserve Board cancels condition numbered 18 contained in its letter to you of August 28, 1934, and amends condition numbered 20 contained therein to read as follows:

20. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$2,895.50 as shown in the report of examination of such bank as of May 19, 1934, made by an examiner for the Federal Reserve Bank of Cleveland, and in addition shall charge off or otherwise

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"eliminate all other known losses, and all depreciation in stocks, defaulted securities and securities other than those in the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities.

"The acceptance of the amended condition numbered 20 should, of course, be accomplished by The Brecksville Bank Company in the same manner prescribed in the Board's letter of August 28, 1934, for the acceptance of the conditions of membership.

"In view of all the circumstances, the Federal Reserve Board extends to November 1, 1934, the time within which The Brecksville Bank Company may accomplish its membership in the Federal Reserve System."

Approved.

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

"Receipt is acknowledged of your letter of October 3, 1934, advising that 'The Louisa National Bank', Louisa, Kentucky, has been deficient in its required reserves with the Federal Reserve Bank of Cleveland for the period from April 1, 1934, to September 15, 1934, inclusive, and further, that the bank's reserve account has been continuously deficient for thirty-five semi-monthly periods.

"In this connection it is noted that, in view of the fact that no improvement has been evidenced in the bank's reserve position, you will at an early date confer with the Chief National Bank Examiner for your district regarding the advisability of communicating with the Board of Directors of the Louisa National Bank in regard to its continuous reserve deficiency.

"In the circumstances, the Board will take no action at this time regarding such reserve deficiencies other than to forward copies of your letter to the Comptroller of the Currency for his information.

"It will be appreciated if you will advise the Board as to the results of your conference with the Chief National Bank Examiner and as to any developments regarding the maintenance by the bank of the required reserves."

Approved.

Letter dated October 25, 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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"Reference is made to the report of examination of the 'Jasper County Savings Bank', Newton, Iowa, as of March 12, 1934, and the supplementary information submitted in connection therewith.

"The report of examination reflects an undercapitalized condition inasmuch as capital and surplus of \$150,000 amounted to but approximately 7% of total deposits of \$2,189,000. If consideration is given to estimated losses, securities depreciation and doubtful assets, exclusive of such assets which are protected by a directors' guarantee, net sound capital and surplus amounted to but approximately 6% of total deposits. The already low ratio of capital and surplus to deposits has been reduced still further since the examination of March 12, 1934, by the increase in deposits effected since that date.

"As you know, one of the standard conditions of membership which has been prescribed for some time past requires the maintenance of an adequate ratio of capital and surplus to deposits, and although such condition was not prescribed at the time of the admission of the Jasper County Savings Bank to membership in 1918, the Board believes that as a matter of sound banking policy an adequate ratio should be maintained.

"In a letter dated May 12, 1934, Mr. Young stated that while the bank had a considerable amount of undesirable assets, your office believed that the depositors were amply protected through the capital structure of the bank and the guaranty. The Board appreciates the steps which have been taken by the controlling interests in the past to assist the bank, including the execution in December 1933, of a secured guarantee of \$300,000, and the assurances which have been given that they will continue to support the bank and not permit the depositors to suffer any loss. A guaranty, however, while valuable as a temporary expedient, cannot be regarded as a part of the bank's permanent capital structure, and the Board believes that it would be to the best interests of the bank and its depositors to effect a capital increase which would provide a ratio of capital and surplus to deposit liabilities of at least one to ten.

"It will be appreciated, therefore, if you will advise the Board as to any plans which may be under consideration by the management of the bank, the State supervisory authorities, or your office for increasing the bank's capital structure."

Approved.

Letter dated October 25, 1934, approved by five members of the Board, to the "Peoples National Bank in Lakewood", Lakewood, New Jersey, reading as follows:

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"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 New Jersey, 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."

Approved.

Letter dated October 25, 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 Jackson-State National Bank', Jackson, Mississippi, from \$300,000 to \$150,000, pursuant to a plan which provides that the bank's capital shall be increased by \$150,000 of preferred stock to be sold to the Reconstruction Finance Corporation and that the released capital shall be used to augment the bank's surplus in the amount of \$100,000 and undivided profits account in the amount of \$50,000, all as set forth in your letter of October 15, 1934."

Approved.

Letter dated October 25, 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 'State National Bank of Corpus Christi', Corpus Christi, Texas, from \$200,000 to \$100,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$100,000 of preferred stock to the Reconstruction Finance

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"Corporation, and that the released capital shall be used to eliminate or reduce a corresponding amount of undesirable assets, all as set forth in your letter of October 11, 1934."

Approved.

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

"The Board's letter of March 12, 1934 (X-7820) requested you, in any case in which a ruling was required as to the applicability of section 32 to a so-called investment trust of the management type, to furnish the Board with certain information regarding the nature of the operations of the organization, but that letter did not request information as to the extent and nature of the activities of the organization in connection with the sale, distribution, repurchase or redemption of its own stock, bonds, or other securities. However, in considering applications and requests for rulings involving the applicability of section 32 to such investment trusts, it has come to the attention of the Board that in some cases the nature and extent of their activities in connection with dealings in their own securities has been such as to become a factor in determining the applicability of section 32 to them.

"Therefore, it will be appreciated if, in connection with future cases requiring a ruling of the Board as to the applicability of section 32 to such investment trusts, you will obtain and furnish the Board with information as to the following, in addition to the information requested in the Board's letter of March 12, 1934 (X-7820):

"1. The manner in which the stock, bonds or other securities of the organization were originally sold and distributed to the public.

"2. The manner in which such securities are at present being sold or distributed, if they are now being sold or distributed.

"3. For each of the past three years, the number and par value of the (a) shares, (b) bonds, and (c) other securities of the organization which have been sold or issued.

"4. For each of the past three years, the number and par value of the (a) shares, (b) bonds, and (c) other securities of the organization which have been repurchased or redeemed by the organization.

"5. In the event that any such securities have been thus repurchased or redeemed, a description of the terms, conditions and manner of such repurchase or redemption.

"In addition to such information, the Board will be glad to have any further information or comments which you feel

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"should be furnished."

Approved.

Letter dated October 25, 1934, approved by five members of the Board, to Governor Harrison of the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of September 18, 1934, to Vice-Governor Thomas, inclosing a copy of a letter from the Governor of the Bank of England under date of August 22, 1934, in regard to relations between the Bank of England and the Federal Reserve Bank of New York.

"The Board has noted your statement that in your opinion present conditions are such that it is unnecessary to request the Bank of England at this time more formally or definitely to accept your letter of January 27, 1933, but that transactions of the kind which were the subject of such letter will be handled in accordance with the terms and conditions specified therein. The Board assumes that, upon a change in circumstances, you will consider the desirability of reaching a definite understanding with the Bank of England on this subject."

Approved.

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

"Reference is made to your letter of August 30 in reply to the Board's letter of August 16 regarding the report of examination of the Federal Reserve Bank of New York as at the close of business March 10, 1934.

"Referring to the first paragraph on page 3 of your letter, the Board has been informally advised by the Treasury Department that your requests for reimbursement of expenses incurred in obtaining, analyzing and reporting data relative to foreign exchange transactions, in accordance with the President's Executive Orders, have recently been approved and submitted to the Comptroller General for direct settlement, and you will no doubt be advised in due course of the action taken thereon. You have been advised in Mr. Smead's letters of September 21 (B-1017), and October 10 (B-1023), as to the progress being made in obtaining reimbursement for extraordinary expenses incurred by the Federal Reserve banks during and immediately after the banking holiday.

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"With respect to the expenses incurred for flowers and a memorial in connection with the death of former Deputy Governor Gilbert, the Board approves payment of these expenditures. In this connection, however, attention is invited to the Board's letter of October 20, 1932, X-7276, which stated with reference to such expenditures that 'if in a particular case and for some special reason it is believed that an expenditure of this general character would be advantageous from the standpoint of the proper conduct of the business of the Federal Reserve bank, a statement of the amount and nature of the proposed expenditure, with the reason therefor, should be submitted to the Board for consideration.'"

Approved.

Telegram to Mr. Crane, Deputy Governor of the Federal Reserve Bank of New York, reading as follows:

"Board approves compliance by your bank with the request of the Banco de la Nacion Argentina that you receive and hold in custody for its account \$35,000 of gold referred to your wire this date."

Approved.

Letter dated October 25, 1934, approved by five members of the Board, to Honorable Henry Morgenthau, Jr., Secretary of the Treasury, reading as follows:

"Attached is a copy of the Board's letter of May 2, 1934 to the Governors of all Federal Reserve banks, except Minneapolis, with regard to the use of the franking privilege in connection with their operations as fiscal agents of the United States, and of the replies of the Federal Reserve banks thereto. There is also attached a letter from the Federal Reserve Bank of Minneapolis, dated May 4, in regard to the same subject.

"It will be appreciated if you will advise the Board to what extent, if any, the Federal Reserve banks as fiscal agents of the United States are authorized to use the franking privilege."

Approved.

Letter dated October 25, 1934, approved by five members of the Board, to Honorable W. I. Myers, Governor of the Farm Credit

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Administration, reading as follows:

"Reference is made to your letter of September 7, 1934, with regard to charges made by the Federal Reserve Bank of St. Louis against the farm loan registrars at St. Louis and Louisville and the receiver of the St. Louis Joint Stock Land Bank for the safekeeping of securities deposited with that bank.

"In accordance with the request contained in your letter, this matter has been taken up with the Federal Reserve Bank of St. Louis, and the Board is in receipt of a letter from the governor of the bank stating that, inasmuch as the matter is now under consideration by a committee of governors of the Federal reserve banks with the object of working out a uniform plan of procedure for all Federal reserve banks, the St. Louis bank has decided to forego for the time being the charges referred to."

Approved.

Letter to Mr. Herman Oliphant, General Counsel to the Secretary of the Treasury, reading as follows:

"This will acknowledge receipt of your letter of September 10, 1934, inclosing a copy of a letter addressed to the Secretary of the Treasury by the Secretary of the Interior and a draft of a banking law for the Virgin Islands which has been proposed for enactment by the local legislative assembly of the Virgin Islands. You request an expression of the views of the Federal Reserve Board regarding the proposed legislation.

"The Federal Reserve Board has very little information regarding the economic and financial conditions in the Virgin Islands; but it appears from a report submitted to the House of Representatives by its Committee on Banking and Currency, under date of June 12, 1934 (Report No. 1952, 73d Congress, 2d Session), which presumably was based upon information furnished by the Treasury Department, the Department of Interior, the Comptroller of the Currency, or the Reconstruction Finance Corporation, that the Virgin Islands are a group of islands, the principal ones being St. Thomas and St. John, which form one municipality, and the island of St. Croix; that the island of St. Croix has two principal towns, Christiansted with a population of approximately 3,800 and Frederiksted with a population of approximately 2,700; and that the population of the island of St. Thomas is approximately 7,000. It further appears that the only commercial bank located in the Virgin Islands at the time the above mentioned report was rendered was the National Bank of the Danish West Indies, which had its main office in the island of St. Thomas and had two active branches in the island of St.

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"Croix, one located at Frederiksted and one at Christiansted. It further appears that the National Bank of the Danish West Indies was organized pursuant to a concession granted by Denmark in June 1904, which expired on June 20, 1934, and that the Reconstruction Finance Corporation and persons living in the Virgin Islands have agreed to buy stock in a proposed new bank to be situated at St. Thomas. It is also understood that this proposed new bank will be organized under provisions of the National Bank Act, which were made applicable to the Virgin Islands by the Act of July 19, 1932.

"In view of the above circumstances, and especially in view of the facts that banks can be organized in the Virgin Islands under the provisions of the National Bank Act as amended, that a bank is being organized there under such provisions and that the population of the Islands appears to be too small to support enough local banks to justify the organization of a local supervisory authority properly equipped to give adequate supervision to banks organized under local law, the Board is of the opinion that the enactment of a local law authorizing the organization of such banks would be inadvisable.

"If banking business is being conducted in the Virgin Islands by private individuals, partnerships or organizations which are not properly organized and equipped, such a situation could be cured by the enactment of legislation forbidding anyone to transact a banking business in the Virgin Islands except a national bank duly organized under the provisions of the National Bank Act.

"If it is necessary to obtain legislation in order to enable national banks organized in the Virgin Islands to establish branches at various different places in the islands, it would seem advisable to obtain such authority through the enactment by the Congress of the United States of a bill such as S. 3287, 73d Congress, 2d Session, as recommended by the Treasury Department, the Comptroller of the Currency, the Department of Interior, and the Reconstruction Finance Corporation."

Approved.

Letter to Mr. H. B. Ward, Cashier of the National Bank of Flint, Michigan, reading as follows:

"This refers to your letter of July 30, 1934, regarding the question whether the retention by the trust department of your bank of a savings deposit pass book complies with the requirements of the Federal Reserve Board's Regulation Q in respect to savings deposits. It appears that the pass book evidences a savings deposit which is a part of certain

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"properties held by the bank in trust. Under the agreement creating the trust, the bank is authorized to manage such properties and to pay over the income and/or principal to the trustor or to such persons as he may designate.

"As you know, the Federal Reserve Board has heretofore ruled that a savings deposit in respect to which the pass book or other form of receipt is retained by the bank or by an officer, employee, or agent thereof, rather than by the depositor, does not comply with the requirements of Regulation Q in respect to savings deposits. However, it is understood that in the instant case the pass book is not retained by the bank for the purpose of avoiding the necessity of the depositor's presenting such pass book each time a withdrawal is made, but that it is a part of certain assets which have been transferred to the bank, as trustee, pursuant to transactions entered into in good faith and not for the purpose of evading the provisions of the law or of the Board's regulations relating to savings deposits.

"If in fact the real depositor is the bank in its capacity as trustee and not the beneficiary of the trust, and if withdrawals are permitted to be made only by a representative of the trust department upon presentation of the pass book and in no case by the beneficiary or upon a check or similar order of the beneficiary, the case does not come within the principle upon which the Board's earlier ruling was based and the practice is not unlawful. However, any such practice will be scrutinized with great care and it will be incumbent upon the bank to be prepared to show that the practice is engaged in in good faith and not as a means of evading or circumventing the rules against the payment of interest on demand deposits or the withdrawal of savings accounts without the actual presentation of the pass book or other similar receipt.

"In this connection, your attention is invited to the provisions of section VIII of the Board's Regulation F regarding the deposit of trust funds in the commercial or savings department of the trustee bank and the necessity of the bank's depositing collateral with the trust department to secure such trust funds. In general, it is not proper for a trustee bank to hold trust funds on deposit in its own commercial or savings department except temporarily pending investment or distribution; and, in the absence of a clear requirement in the trust instrument or other written directions of the beneficiary, it does not seem proper for a bank to hold trust funds in the form of a savings deposit with its own savings department instead of investing them in the manner required by section IX of Regulation F."

Approved.

Letter to Mr. Sargent, Assistant Federal Reserve Agent at

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the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of September 24, 1934, transmitting a copy of a sample form of 'Trust Department Annual Report' prepared by your trust examiner, and requesting approval by the Board of your proposal to send this form to all national and State member banks in your district with the request that a report be made thereon in connection with the call report to be made as of December 31, 1934.

"While the information to be obtained through the use of the proposed report would no doubt have some value, the Board feels that the present is not an opportune time for you to request such data from either national or State member banks. Furthermore, as you know, it has been the practice of the Comptroller of the Currency to request a similar report by national banks at the time of the mid-year call report, and it is not believed to be advisable for a reserve bank to duplicate such request.

"Further consideration, so far as State member banks are concerned, may be given the matter at a later date with a view to covering all Federal Reserve districts simultaneously, and, in the event that it is decided to request such information from the State member banks, it is believed that the request should be made as of the same date as the request made of national banks by the Comptroller of the Currency. In that event, it is possible that arrangements might be made with the Comptroller of the Currency to supply the reserve banks with copies of the reports of national banks covering their trust departments.

"It is requested, therefore, that any action in this connection by your office be deferred until a decision has been reached as to the advisability of requesting all State member banks to file similar reports."

Approved.

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

"Consideration has been given to Mr. Dillistin's letter of August 20, 1934, regarding the request of Mr. Prentiss N. Gray for a ruling as to the applicability of section 52 of the Banking Act of 1933 to his service as an officer and director of J. Henry Schroder Trust Company, New York, New York, and as a director of Hydro-Electric Securities Corporation.

"It appears from the information forwarded with Mr. Dillistin's letter that Hydro-Electric Securities Corporation is engaged in the business of investing its funds and that it does

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"not engage in the underwriting, flotation and distribution of securities. It appears that the purchases and sales of securities by the corporation during the years 1931 to 1933 inclusive amounted to the following percentages of its total assets:

<u>Year</u>	<u>Purchases</u>	<u>Sales</u>
1931	32	37
1932	5	5
1933	5	16
Average for three years	14.2%	19.5%

"It further appears that, at the end of the year 1933, the securities in the corporation's portfolio had been held for the periods hereinafter set forth and in the following proportions:

Held for less than 6 months	2%
Held between 12 and 18 months	1%
Held for over 24 months	97%

"On the basis of the information which has been submitted, it appears that Hydro-Electric Securities Corporation is not engaged primarily in the business of purchasing, selling, or negotiating securities' within the provisions of section 32.

"No information has been submitted regarding the activities, if any, of the corporation in purchasing, selling or distributing its own stock or other securities to the public. In the event that the corporation is actively engaged in such transactions, a further question would be raised regarding the applicability of section 32 in this case."

Approved.

Letter dated October 25, 1934, approved by five members of the Board, to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, inclosing the following Clayton Act permits; stating that the Board understands that, when transmitting the permits to Messrs. Sager, Ford, Riesmeyer, and Danforth, the agent will advise them that it is with the expectation that they will improve their attendance at directors' meetings that the permits have been granted; and requesting that, when the agent submits his recommendation as a result of his annual review of the permits, he report fully as to the attendance of Messrs. Sager, Ford, Riesmeyer, and

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Danforth at directors' meetings. The letter stated also that delivery of the Clayton Act permit to Mr. Riesmeyer should not be made until it has been determined that his service with the G. Riesmeyer Mercantile and Investment Company, St. Louis, Missouri, the Securities Investment Company, St. Louis, Missouri, and the member bank involved in his application does not come within the provisions of section 32 of the Banking Act of 1933, or that his service with such institutions has been brought into conformity with the requirements of that section, and requested that the agent advise the Board of the action taken in the matter:

Mr. C. L. Sager, for permission to serve at the same time as an officer of the First National Bank in St. Louis, St. Louis, Missouri, as a director of the State Bank & Trust Company of Wellston, Wellston, Missouri, and as a director of The First National Bank of Pana, Pana, Illinois.

Mr. Jas. L. Ford, Jr., for permission to serve at the same time as an officer of the First National Bank in St. Louis, St. Louis, Missouri, and as a director of the State Bank & Trust Company of Wellston, Wellston, Missouri.

Mr. W. C. Connett, for permission to serve at the same time as an officer of the First National Bank in St. Louis, St. Louis, Missouri, and as a director and officer of the State Bank & Trust Company of Wellston, Wellston, Missouri.

Mr. Edward Horman, for permission to serve at the same time as an officer of the First National Bank in St. Louis, St. Louis, Missouri, and as a director of the State Bank & Trust Company of Wellston, Wellston, Missouri.

Mr. F. C. Hunt, for permission to serve at the same time as an officer of the First National Bank in St. Louis, St. Louis, Missouri, and as an officer of the First Bank of East Prairie, East Prairie, Missouri.

Mr. Wm. H. Danforth, for permission to serve at the same time as a director of the First Bank of East Prairie, East Prairie, Missouri, and as a director of the First National Bank in St. Louis, St. Louis, Missouri.

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Mr. G. Riesmeyer, Jr., for permission to serve at the same time as an officer of the First National Bank in St. Louis, St. Louis, Missouri, and as a director of the State Bank & Trust Company of Wellston, Wellston, Missouri.

Approved, together with a letter, also dated October 25, 1934, and approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, inclosing a copy of the Clayton Act permit granted to Mr. Sager, and requesting that, when the agent submits his recommendation as a result of his annual review of the permit, he report fully as to Mr. Sager's attendance at directors' meetings of The First National Bank of Pana, Illinois.

Letter dated October 25, 1934, approved by five members of the Board, to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of August 7, 1934, inclosing a copy of a letter which you addressed to Mr. T. O. Hammond, Helena, Montana, and to your letter of August 13, 1934, inclosing a copy of the reply which you received from Mr. Hammond.

"From the files and the information submitted, it appears that Mr. Trevor O. Hammond was granted a permit on January 15, 1932, under the provisions of the Clayton Act to serve as director and officer of the First National Bank & Trust Company of Helena, Helena, Montana, and as director and officer of the First National Bank in Miles City, Miles City, Montana, that Mr. Hammond has not attended any of the meetings held by the directors of the First National Bank in Miles City during the past two years, but that he is often called upon for advice about matters of importance concerning the bank and that the bank's president frequently confers with him by telephone. In view of existing difficulties of the First National Bank in Miles City due to the drought situation, you feel that Mr. Hammond's service to this bank will be valuable to the bank between now and the first of the year and recommend that his permit be allowed to continue in force until the next annual meeting, at which time you think it will be desirable that he be replaced as an officer and director. In the circumstances and in accordance with your recommendation, the Board is willing to allow the permit granted to Mr. Hammond to continue in effect until the next election of directors of the First

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"National Bank in Miles City, at which time the situation probably can be met by the election of a successor to Mr. Hammond.

"Please inform Mr. Hammond of the Board's position in this matter and, before the expiration of the period during which the permit is to remain in force, advise the Board as to the action that will be taken at that time by the bank and Mr. Hammond, together with any recommendation that you may deem appropriate in the circumstances."

Approved.

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

"Reference is made to your letters of June 22, July 26 and August 2, 1934, submitting additional information relative to the application of Mr. Wm. G. Mather, Cleveland, Ohio, for a Clayton Act permit, which was not approved by the Board for the reasons set forth in its letter to you of June 15, 1934.

"Careful consideration has been given to the special circumstances which are present in this case, particularly the fact that while Mr. Mather lives a considerable distance from the banks and has not attended any of the directors' meetings during the last two years, he received full and complete reports from each of the banks and the institutions insist that his service as a director is a distinct benefit to them and to the community. The Board feels that when a person accepts the responsibility of the office of director of a bank he should attend a sufficient number of directors' meetings to enable him not only to keep in personal contact with the bank and its problems, but also to participate in his capacity as a director in the determination at such meetings of the policies of its Board, and that, if he is not in a position to discharge his responsibility in this regard, he should not continue as a director.

"Realizing, however, that, because of the high esteem in which Mr. Mather is held in the respective communities, the immediate discontinuance of his service to one of the banks involved might be adverse to the best interests of the institutions, the Federal Reserve Board has issued a permit to Mr. Mather to serve as a director and officer of The First National Bank of Alger County at Munising, Munising, Michigan, and as a director of the Gwinn State Savings Bank, Gwinn, Michigan, for the period ending at the close of December 31, 1935. The original and copies of the permit are inclosed for transmittal by you to Mr. Mather and the two banks and a copy for your files. When transmitting the permit to the applicant, you are

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"requested to call his attention to the opinion stated above and to the expiration of the permit on December 31, 1935. You are also requested to advise him that if he desires to serve the banks after that date the Board will be pleased to give consideration to a new application submitted in accordance with the provisions of Regulation L and accompanied by a statement of his intentions with respect to his attendance at meetings of directors of the banks.

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

Approved.

Letters dated October 25, 1934, approved by five members of the Board, to the following applicants for permits under the Clayton Act, advising of approval of their applications as follows:

Mr. Scott Fink, for permission to serve at the same time as a director of the Barclay Westmoreland Trust Company, Greensburg, Pennsylvania, and as a director of the First National Bank of Export, Export, Pennsylvania.

Mr. Harry Heasley, for permission to serve at the same time as a director and officer of The First National Bank of Emlenton, Emlenton, Pennsylvania, and as a director of the Peoples National Bank of Clintonville, Clintonville, Pennsylvania.

Mr. M. H. Johnston, for permission to serve at the same time as an officer of the Cordova State Bank, Cordova, Alabama, and as a director of The First National Bank of Jasper, Jasper, Alabama.

Mr. George Donworth, for permission to serve at the same time as a director of the Seattle Trust Company, Seattle, Washington, and as a director of The Pacific National Bank of Seattle, Seattle, Washington.

Mr. P. E. Harris, for permission to serve at the same time as a director of the Seattle Trust Company, Seattle, Washington, and as a director of the First National Bank of Seattle, Seattle, Washington.

Mr. Worrall Wilson, for permission to serve at the same time as a director and officer of the Seattle Trust Company, Seattle, Washington, and as a director of the Federal Home Loan Bank, Portland, Oregon.

Approved.

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

Mr. Joseph Wayne, Jr., for permission to serve at the same time as a director and officer of The Philadelphia National Bank, Philadelphia, Pennsylvania, as a director of the Provident Trust Company of Philadelphia, Philadelphia, Pennsylvania, and as a director of the Federal Reserve Bank of Philadelphia, Philadelphia, Pennsylvania.

Approved.

There were then presented the following applications for changes in stock of Federal reserve banks:

<u>Applications for ADDITIONAL Stock:</u>	<u>Shares</u>	
<u>District No. 2.</u>		
The First National Bank of South Amboy, South Amboy, New Jersey	75	
The First National Bank of Glens Falls, Glens Falls, New York	75	
Ilion National Bank and Trust Company, Ilion, New York	<u>69</u>	219
<u>District No. 9.</u>		
First National Bank of Barron, Barron, Wisconsin	15	
The First National Bank of Sherman, Sherman, South Dakota	<u>12</u>	27
<u>District No. 10.</u>		
The Colorado National Bank of Denver, Denver, Colorado	30	
The First National Bank of Sterling, Sterling, Kansas	2	
Union National Bank in Kansas City, Kansas City, Missouri	6	
The Havelock National Bank of Lincoln, Lincoln, Nebraska	2	
The Security National Bank of Duncan, Duncan, Oklahoma	6	
The Farmers & Merchants National Bank of Hobart, Hobart, Oklahoma	1	
The Citizens National Bank of Muskogee, Muskogee, Oklahoma	3	
The Pauls Valley National Bank, Pauls Valley, Oklahoma	6	

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<u>Applications for ADDITIONAL Stock: (Continued)</u>		<u>Shares</u>	
<u>District No. 10. (Continued)</u>			
The American National Bank of Pawhuska, Pawhuska, Oklahoma	9		
The First National Bank of Prague, Prague, Oklahoma	6		
The First National Bank of Vinita, Vinita, Oklahoma	1		
The First National Bank of Greybull, Greybull, Wyoming	6		
Decatur County National Bank of Oberlin, Oberlin, Kansas	6	84	
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<u>District No. 11.</u>			
The Farmers State Bank of Clarendon, Clarendon, Texas	13		
First State Bank of Mathis, Mathis, Texas	6	19	
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<u>District No. 12.</u>			
Cache Valley Banking Company, Logan, Utah	19		
Springville Banking Company, Springville, Utah	3		
Bank of Vernal, Vernal, Utah	9		
Peoples Bank & Trust Company, Seattle, Washington	300	331	
<u>Total</u>		<u>680</u>	
<u>Applications for SURRENDER of Stock:</u>			
<u>District No. 2.</u>			
The Citizens National Bank of Lancaster, Lancaster, New York	168	168	
<u>District No. 6.</u>			
The First National Bank of Montgomery, Montgomery, Alabama	120	120	
<u>District No. 9.</u>			
The First National Bank of Choteau, Choteau, Montana	36	36	
<u>District No. 10.</u>			
The First National Bank of Eads, Eads, Colorado	48		
The First National Bank of Stillwater, Stillwater, Oklahoma	15	63	
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<u>Applications for SURRENDER of Stock: (Continued)</u>	<u>Shares</u>	
<u>District No. 11.</u>		
First National Bank in Goldthwaite, Goldthwaite, Texas	18	18
<u>District No. 12.</u>		
The First National Bank of Pasadena, Pasadena, California	405	405
	<u>Total</u>	<u>810</u>

Approved.

Thereupon the meeting adjourned.

Levester H. Norie
Secretary.

Approved:

J. J. Thomas
Vice Governor.