

A meeting of the Federal Reserve Board was held in Washington on Wednesday, November 28, 1934, at 11:00 a. m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Smead, Chief of the Division of
Bank Operations
Mr. Goldenweiser, Director of the Division
of Research and Statistics
Mr. Wyatt, General Counsel
Mr. Vest, Assistant Counsel

Governor Eccles referred to the question under consideration at the meeting on November 24, 1934, of the advisability of lowering the maximum interest rate prescribed in the Board's Regulation Q on time and savings deposits to 2 1/2%; to memoranda which he had received from Messrs. Goldenweiser and Currie expressing agreement with the proposed reduction in the maximum rate; and to the telegrams received from the Federal reserve banks the majority of which were favorable to the proposed reduction. He stated that he had discussed the matter with the members of the executive committee of the Federal Open Market Committee and with the Secretary of the Treasury yesterday, and that, although they were all favorable to the proposed reduction, they felt that because of the proposed Government financing operations in December which are to be announced within the next few days, any action taken at the present time to reduce the maximum interest prescribed in the Board's regulation might be construed as lack of confidence on the part of the Treasury in its financing

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operations and as an attempt to influence the market. He said that, in view of these circumstances, he desired to recommend to the Board that action be deferred on the proposed reduction until the latter part of December with the thought that favorable action will be taken then to reduce the maximum rate making the new rate effective possibly as of the first of February, 1935.

After discussion, upon motion by Mr. Hamlin, the matter of the proposed reduction was laid on the table, subject to the call of the Governor.

Governor Eccles stated that he had not had an opportunity to discuss the proposed reduction with the Chairman of the Federal Deposit Insurance Corporation, but that he did not think there would be any objection on the part of the Corporation to a reduction in the rate of interest prescribed by it for insured nonmember banks. Mr. Morgenthau said that he had not discussed it but was inclined to concur in the opinion expressed by Governor Eccles.

Reference was then made to the discussion at the meeting on November 24, 1934, with regard to procedure in handling the business of the Federal Reserve Board, and Governor Eccles stated that he desired to recommend to the Board that it assign to the various members the supervision of various activities of the Board as follows:

Mr. Szymczak:

- (1) Industrial loan matters, (2) Payment by member banks of interest on deposits, and (3) Call reports for condition.

Mr. Thomas:

- (1) Clayton Act matters, (2) Matters arising under section 32 of the Banking Act of 1933, and (3) Matters arising under the Securities Exchange Act of 1934.

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Mr. James

- (1) Salaries and Expenditures of the Federal reserve banks, including investigation of the costs of operations of the Federal reserve banks and recommendations relating thereto.

Mr. Miller:

- (1) Site for the Board's new building and the design and construction of the building, and
- (2) Organization and development of research and statistical activities of the Federal Reserve System; monthly summary of business conditions; Federal Reserve Bulletin; and Annual Report.

Mr. Hamlin:

- (1) Applications for trust powers, (2) Capital stock reductions, (3) Membership applications, (4) Establishment of branches by State member banks; mergers and consolidations, etc., of State member banks, and (5) Voting permits.

The Governor stated that his recommendation contemplated that in connection with supervision by the various members of the Board of the activities assigned to them, all matters of policy or matters on which there was question or controversy would be referred to the Board for decision, and that periodic reports would be made by the members at regular meetings of the Board with regard to progress made in the respective activities coming under their supervision.

Upon motion by Mr. Szymczak, Governor Eccles' recommendation was approved unanimously, and Messrs. Morrill and Wyatt were requested to prepare the necessary amendment to the by-laws of the Federal Reserve Board.

Mr. Hamlin raised the question whether, where a particular activity is assigned to one member of the Board, the other members will be expected to make as careful a check of the matters going over their desks with regard to that activity as they have done in the past, or

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whether it is to be understood that they may rely entirely upon the initials of the responsible member of the Board without an independent investigation of the matter.

This point was discussed and it was agreed that each member of the Board may accept the initials of the responsible member or make such review of the file in any particular case as he may wish to make.

It was also understood that the member to whom a particular activity is assigned for supervision will be free to call upon any or all of the other members of the Board for advice or counsel with regard to any matter, and that all matters establishing policy or involving controversy will be submitted to the Board for decision.

In connection with the new procedure, Governor Eccles suggested that it would be desirable to hold a weekly meeting at a specified time each week, it being understood by all of the members of the Board that the time set would be kept free on the members' programs. He said that if this suggestion were adopted reports could be made at the weekly meeting by the members of the Board with regard to the particular activities assigned to them, and that special meetings could be held whenever the occasion required.

The matter was discussed briefly, and it was understood that the Governor would determine the most satisfactory time for the meeting and make a recommendation to the Board.

There was presented a letter dated November 27, 1934, from Mr. L. B. Williams, Chairman and Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

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"I present this as my resignation, effective at once, from the several offices of Class C director, Chairman of the Board and Federal Reserve Agent to which you have in the past designated me at the Federal Reserve Bank of Cleveland.

"This action on my part is accompanied by the deepest regret, since it removes me from official and personal relations with members and officers of the Board who have in every instance been both indulgent and helpful toward me in my post. The warm kindness of each of them will never be forgotten.

"The reason for this step lies in my desire to enter other work through an opportunity which must be availed of at once. May I again express my grateful acknowledgment to the several members and officers of the Federal Reserve Board for their confidence in the past, and for their kindly helpfulness to me in my office?"

Governor Eccles stated that he understood that Mr. Williams had tendered his resignation in order to accept the chairmanship of The National City Bank of Cleveland, and that as it was necessary for him to assume his new duties immediately he had not had an opportunity to take the matter up with the Board previously.

The Governor was requested to address a letter to Mr. Williams stating that his letter had been presented to the Board and that his resignation had been accepted with deep regret, and expressing the Board's sincere appreciation of the service rendered by him to the Federal Reserve Bank of Cleveland and the Federal Reserve System during the period of his membership on the board of directors of the bank and particularly during the period of his service as Chairman and Federal Reserve Agent.

Governor Eccles stated that the Governor, Deputy Chairman, and senior Assistant Federal Reserve Agent at the Federal Reserve Bank of Cleveland are in Washington, and that, if agreeable to the Board, they will be advised that the Deputy Chairman should act as Chairman, and

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the Assistant Federal Reserve Agent should act as Federal Reserve Agent pending the selection by the Board of a successor to Mr. Williams.

The members of the Board indicated agreement with the Governor's suggestion.

The Governor then stated that he hoped that within the course of the next two weeks he would be able to submit definite recommendations to the Board with regard to the matter of policy and procedure in connection with the personnel at Federal reserve banks.

At this point the Secretary of the Treasury left the meeting.

Mr. Szymczak stated that Mr. Albert M. Creighton, Chairman of the Industrial Advisory Committee of the First Federal Reserve District, had suggested that another meeting of the chairmen of the Industrial Advisory Committees be held, and that he had requested Mr. Creighton to discuss the matter with some of the other chairmen. He said that as a result of this suggestion Mr. Creighton had addressed a letter to him under date of November 26, 1934, stating that he had conferred with the chairmen of the Industrial Advisory Committees of the New York, Philadelphia, and Chicago districts, all of whom felt that such a meeting would be helpful, and suggesting that the meeting be called for Tuesday, December 18, 1934.

Mr. Szymczak also presented a telegram dated November 27, 1934, from Deputy Governor Fleming of the Federal Reserve Bank of Cleveland recommending that a joint meeting be held in St. Louis on December 4, 1934, to be attended by the representative of each Federal reserve bank actively in charge of loans to industry and a representative of the Industrial

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Advisory Committee who is actively engaged either as secretary or otherwise to the committee in procuring and preparing information for the use of the advisory committee.

As a related matter, Mr. Szymczak presented a memorandum addressed by him to the Board under date of November 28, 1934, referring to the replies received from eleven of the Federal reserve banks to the Board's telegram of July 14, 1934, asking for suggestions with regard to the payment of the expenses of, or a per diem allowance to, the members of the Industrial Advisory Committees, and he recommended that the Board authorize the Federal reserve banks to reimburse members of the Industrial Advisory Committees for their expenses while engaged on business of the committee as follows:

By payment of actual expenses incurred or, if a member of the Committee so elects -

By payment:

- a. Where travel is unnecessary, of \$5 per diem to cover incidental expenses.
- b. Where travel is necessary, of \$10 per diem to cover subsistence and incidental expenses during the time the member is absent from his home city, plus reimbursement for actual transportation expenses such as railroad and Pullman fare.

After discussion of the three matters referred to by Mr. Szymczak, the following actions were taken:

The Secretary was requested to address a telegram to the chairmen of the Industrial Advisory Committees of the respective Federal reserve districts stating that, at the suggestion of several chairmen of the Industrial Advisory Committees, the Board is calling a conference of the committee chairmen in Washington for Tuesday,

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December 18, 1934, that a letter containing topics suggested by the Board for consideration at the meeting will be forwarded as soon as possible, and that it will be appreciated if the chairmen will send to the Board promptly any topics which the committees feel should be considered at the meeting.

The following telegram to the Federal reserve agents at all Federal reserve banks was approved:

"One of the Federal Reserve banks has suggested that a conference be called at St. Louis, beginning Tuesday, December 4, to discuss procedure in handling applications for industrial advances and commitments from time of receipt to final action thereon, each Federal Reserve bank to be represented by person actively in charge of industrial advances and each Industrial Advisory Committee by person actively engaged, either as Secretary or otherwise, in procuring and preparing information for use of Committee. Conference would consider organization set-up of both bank and committee, the character of information required to pass upon applications, the sources of such information, and the expenses connected with handling the applications. It has been suggested that both representatives bring with them sufficient copies of all forms and, if possible, written memoranda covering procedure, for distribution to all conference members. Board feels that such a conference would be helpful and will appreciate advice as to whether you approve, and the name of representative of your bank and of representative of Industrial Advisory Committee who will attend conference if called."

Mr. Szymczak was requested to prepare a letter to the Federal reserve agents at all Federal reserve banks stating that the Board has approved the reimbursement of the members of the Industrial Advisory Committees as follows:

- (1) A member engaged on business of the committee in the city in which his place of business is located may be reimbursed for actual expenses incurred by him.
- (2) A member engaged in the business of the committee outside of the city in which his place of business is located may be allowed a per diem of \$10 a day plus his actual transportation expenses, or, if he so elects, he may be reimbursed for actual expenses incurred by him.

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In connection with the latter action particular consideration was given to section 13b(d) of the Federal Reserve Act, as amended, which provides that members of the Industrial Advisory Committees shall serve without compensation but shall be entitled to receive their necessary expenses while engaged in the business of the committee or a per diem allowance in lieu thereof to be fixed by the Federal Reserve Board.

Governor Eccles stated that the Secretary of the Treasury recently had expressed an objection to the location of the new Federal Reserve Board building on the site proposed on Constitution Avenue, and had requested him to investigate the possibility of locating the building nearer the Treasury Department, possibly on the site of the Cosmos Club-Belasco Theatre property at East Executive Avenue and H Street, N. W. He said that he had submitted the matter to Mr. Miller as Chairman of the Site Committee, who had prepared a memorandum which he (Governor Eccles) had not yet had an opportunity to read; that he would consider the matter at the first opportunity and would take it up with the Secretary of the Treasury; but that, in the meantime, he felt no change should be made in the Board's present plans or the activities now in progress looking toward the erection of the building on the Constitution Avenue site. He also added that he understood that the Secretary of the Treasury had made no investigation of the matter, but that his suggestion was based on the sole consideration that because of the close relation between the Federal Reserve System and the Treasury Department the Board's building should be located nearer the Treasury Building.

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The Board then acted upon the following matters:

Letter dated November 27, 1934, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, advising that, at a meeting of the board of directors on that date, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.

Memorandum dated November 24, 1934, from Mr. Smead, Chief of the Division of Bank Operations, submitting and recommending acceptance of the resignation of Mrs. Geraldine E. Wooschlager as a comptometer operator in the division, effective at the close of business on November 30, 1934.

Approved.

Letter dated November 27, 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 the report of examination of the 'Seattle Trust Company', Seattle, Washington, as of April 2, 1934, and the information submitted in connection therewith. The Seattle Trust Company was admitted to membership in the System on December 4, 1933, and information submitted in connection with its application indicated that the institution operated an insurance department which transacted no business with the general public but acted solely in a brokerage capacity in connection with the bank's own mortgage loans and the properties and mortgages handled by it in a trust capacity. Membership condition numbered nineteen prescribed by the Board and which was accepted by the bank provides that

Such bank shall not engage in the business of soliciting or writing insurance as agent or broker for any insurance company even though such acts may be authorized under the provisions of its charter or the laws of the State of Washington.

The report of examination as of April 2, 1934, indicates that the bank continues to operate an insurance department, which the examiner states does not represent any insurance companies or deal with the general public but acts solely in a brokerage

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"capacity in connection with its first mortgage loans and the properties and mortgages handled by it in a trust capacity, which activities it would appear are in direct violation of membership condition numbered nineteen.

"It will accordingly be appreciated if you will determine whether the Seattle Trust Company continues to operate its insurance department in violation of condition numbered nineteen and, if so, forward your recommendation as to the action which should be taken by the Board with respect thereto.

"The report of examination as of April 2, 1934, indicates also that Directors Baillargeon and Winslow own a controlling interest in the Baillargeon Winslow Investment Company. No information is available as to the character of the business transacted by the Baillargeon Winslow Investment Company but it is assumed that you have determined whether the business transacted is of such character as to require the filing of applications by the two directors involved for permits under the provisions of Section 32 of the Banking Act of 1933.

"The Board would appreciate definite advice in connection with this situation."

Approved.

Letter dated November 27, 1934, approved by five members of the Board, to "The National Exchange Bank and Trust Company of New York," Brooklyn, New York, reading as follows:

"This refers to the resolution adopted on January 3, 1934, by the board of directors of your bank signifying the bank's desire to surrender its right to exercise trust powers which have been granted to it by the Federal Reserve Board.

"The Federal Reserve Board understands that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary. The Board, therefore, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is inclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Federal Reserve Board to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Federal Reserve Board made pursuant thereto, (2) shall be entitled to

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"have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers covered by section 11(k) of the Federal Reserve Act except with the permission of the Federal Reserve Board."

Approved.

Letter dated November 27, 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:

"Receipt is acknowledged of Mr. Dillistin's letter of November 20, 1934, with enclosures, in regard to the proposed reduction in the common capital stock of the 'Mutual Trust Company of Westchester County', Port Chester, New York.

"The Board has reviewed the information submitted in connection with this transaction, from which it appears that the released capital will be used to eliminate the losses estimated at the examination of September 6, 1934, and to augment the bank's surplus account. In the circumstances, the Board will interpose no objection to the reduction in the bank's capital, providing the assets charged off in connection therewith remain the property of the bank, and with the understanding, of course, that the transaction has the approval of the State Banking Department of the State of New York, and that your counsel is satisfied as to the legality of the proceedings in connection therewith. It will be appreciated if you will forward copies of the amendments to the bank's charter which are adopted in connection with the adjustment of capital."

Approved.

Letter dated November 27, 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 West Hempstead National Bank', Hempstead, New York, from \$50,000 to \$25,000, pursuant to a plan which provides that the released capital shall be used to eliminate a corresponding amount of the least desirable assets in the bank, including all losses and depreciation in securities, all

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"as set forth in your memorandum of November 14, 1934."

Approved.

Letter dated November 27, 1934, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"This refers to Mr. Young's oral request, made to a member of the Board's staff, for a statement by the Board as to whether it would agree to a proposed amendment in an application for a voting permit to be filed by Clearing Industrial District, Inc., Chicago, Illinois, to vote the stock which it owns or controls of the State Bank of Clearing, Chicago, Illinois.

"The proposed amendment to the application reads as follows:

'Anything herein to the contrary notwithstanding, this agreement is terminated and becomes null and void upon

- 'a - Tender of resignation from the Federal Reserve System by the State Bank of Clearing.
- 'b - Written request of Clearing Industrial District, Inc., to have the Federal Reserve Board immediately rescind its application to vote its stock of the State Bank of Clearing.
- 'c - Upon the termination of the status of holding company affiliate of the Clearing Industrial District, Inc., through its sale of stock of the State Bank of Clearing so that it no longer directly, or indirectly, owns or controls 50% or more of the stock of the State Bank of Clearing which voted at the last annual meeting of the State Bank of Clearing.'

"As will be noted the name of the holding company affiliate stated in the above amendment is Clearing Industrial District, Inc. However, the agreement on F. R. B. Form P-5 to accept the provisions of section 5144 of the Revised Statutes of the United States, as amended, which was forwarded by the State Bank of Clearing, was executed by Chicago Transfer & Clearing Company. This difference of names is mentioned merely to call the matter to your attention.

"Paragraph b of the above amendment would give the holding company affiliate the right to nullify its agreement at any time by a mere written request that its application be rescinded. The Federal Reserve Board believes that it would not be justified in agreeing to such an amendment.

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"The Board is of the opinion, however, that it may properly agree to the following amendment, to F.R.B. Form P-1, which amendment contains the substance of paragraphs a and c of the amendment submitted for consideration:

'Anything herein to the contrary notwithstanding, this agreement shall be terminated and become null and void upon:

'1. Cancellation of all of the Federal Reserve Bank stock held by all subsidiary member banks of the Applicant.

'2. Termination of the status of the Applicant as a holding company affiliate of all member banks.'

"Although the Board will not object to this amendment, it feels that such an amendment is unnecessary because the provisions of the amendment are already effective under the law.

"It will be appreciated if you will advise the holding company affiliate of the Board's attitude in this matter."

Approved.

Letter to the governors of all Federal reserve banks, reading as follows:

"Reference is made to the Board's letters B-997 and B-998 of July 16, 1934, relating to net earnings on industrial advances and reports thereof to be submitted to the Federal Reserve Board.

"Paragraph numbered 6 on page 9 of the regulations issued by the Secretary of the Treasury pursuant to subsection (e) of Section 13b of the Federal Reserve Act, as amended, which were inclosed with the Board's letter X-8034 of October 3, 1934, reads as follows:

'The amounts of all payments to be made to the United States by the Reserve Bank pursuant to the provisions of subsection (e) of Section 13b of the Federal Reserve Act shall be computed in the manner prescribed by the Federal Reserve Board in agreement with the Secretary. There shall be such an apportionment in determining the net earnings of the Reserve Bank for a calendar year derived from the use of the sum paid by the Secretary to the Reserve Bank under Section 13b, as the Federal Reserve Board and the Secretary shall deem just and fair.'

"You will note from the above quoted paragraph that the amounts of all payments to be made to the United

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"States under the provisions of subsection (e) of Section 13b are to be computed in the manner prescribed by the Federal Reserve Board in agreement with the Secretary of the Treasury. Pending such agreement, it is requested that reports of net earnings on industrial advances and commitments be furnished the Board currently each month, in duplicate, on Form B-23, one copy of which will be delivered to the Treasury Department. A copy of Form B-23 is attached, and a supply is being mailed you under separate cover.

"Reports on Forms B-18, B-19 and B-20, inclosed with the Board's letters of July 16, may be discontinued. Expenses reported on Form B-23 should include an equitable proportion of the expenses of the provision of space function, rental of furniture and equipment (whether owned by Federal Reserve bank or rented from outside agencies), retirement system contributions at the full rate, and all other expenses incurred in connection with the making of industrial advances and commitments under Section 13b, except such expenses as are paid by the applicants for loans.

"It is requested that, in addition to reports on Form B-23, earnings on industrial advances, and on commitments to make such advances, be reported as separate items on Form 95 following items 2 and 6, respectively, and that all expenses incurred in connection with industrial advances and commitments under Section 13b, other than those paid by applicants for advances, be included in the appropriate expense items on Form 96. Expenses or per diem allowances paid members of the Industrial Advisory Committee should be reported following item 7 on Form 96."

Approved.

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

"Your telegram. Board approves action your directors in authorizing officers your bank to make advances of not to exceed fifty million dollars outstanding at any one time to B I S secured by refined gold bars of recognized refiners and assayers in transit to New York or earmarked for you abroad free for export pending shipment to New York, any such advances to bear interest at discount rate in effect at your bank. It is assumed that as usual participation in any advances made under this authority will be offered to other Federal reserve banks."

Approved.

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Letter dated November 27, 1934, approved by five members of the Board, to Mr. A. E. Demaray, Acting Director of the National Park Service, Department of the Interior, reading as follows:

"As you know, negotiations are pending for the conveyance to the Federal Reserve Board of certain property included in Squares East of 87 and East of 88, in the District of Columbia, now owned by the United States. Consideration is being given to the form of deed which should be used by the Secretary of the Treasury in conveying the property in question to the Federal Reserve Board and a draft of a proposed deed has been prepared in the Treasury Department and informally submitted to the Board for consideration. There is inclosed herewith, for your information, a copy of this suggested form of deed. Your attention is invited to the following words which have been included in the description of the property in Square East of 87:

'together with all right, title and interest of the United States in and to all other property comprising the said Square E-87 and not embraced within the above metes and bounds.'

A similar clause is included in describing the property in Square East of 88. Before the Board gives final consideration to the form of the deed and the description of the property to be included therein, it will be appreciated if you will advise whether there is any objection on the part of the National Park Service to the deed and description of the property in the form inclosed herewith, and also whether there would be any objection to the description if the words above quoted were omitted therefrom in each place where they now occur.

"Your advice in this matter at your early convenience will be greatly appreciated."

Approved, together with a letter, also dated November 27, 1934, and approved by five members of the Board, to Mr. T. S. Settle, Secretary of the National Capital Park and Planning Commission, reading as follows:

"This refers to your letter of September 10, 1934, in which you submitted to the Board a description of the property in Squares East of 87 and East of 88 which it is proposed the Federal Reserve Board will acquire for a building site.

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"The proceedings for the closing of the street and two alleys in Square East of 88, as you know, will probably be consummated soon after November 26, 1934. Accordingly, consideration is being given to the form of deed to be used by the Secretary of the Treasury in conveying the property in question to the Federal Reserve Board and a draft of a proposed deed has been prepared in the Treasury Department and informally submitted to the Board for consideration. There is inclosed herewith for your information a copy of this suggested form of deed. The description contained therein of the property to be conveyed is similar to the description furnished by you with your letter of September 10, 1934, but your attention is invited to the following words which have been included in the description of the property in Square East of 87: 'together with all right, title and interest of the United States in and to all other property comprising the said Square E-87 and not embraced within the above metes and bounds.'

A similar clause is included in describing the property in Square East of 88. Before the Board gives final consideration to the form of deed and description of property to be used, it will be appreciated if you will advise whether there is any objection on the part of the National Capital Park and Planning Commission to the form of deed and description of the property as inclosed herewith, and also whether there would be any objection to the description if the words above quoted were omitted therefrom in each place where they now occur. In view of the fact that the proceedings for the closing of the street and alleys will soon be completed, it will be appreciated if you will advise us with regard to this matter at your early convenience."

Letter dated November 27, 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:

"Receipt is acknowledged of your letter of October 8, 1934, and the inclosed copy of a letter from Mr. Maze, Executive Officer, First National Bank & Trust Company, Pearl River, New York, which ask whether it is necessary for member banks operating under the blanket permit referred to in the Board's telegram of June 23, 1934 (Trans. 2015) to submit to you data of the kind referred to in the

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"Board's letter of July 17, 1934 (X-7963) in connection with subscriptions which such member banks enter for obligations of the United States for the account of dealers in securities.

"The Board's letter of July 17, 1934 (X-7963) requested you to obtain certain information regarding the operations of member banks pursuant to the blanket permit in order that you might inform yourself whether, in your opinion, the permit in the particular case is in the public interest. However, the Board feels that the making of subscriptions for obligations of the United States by member banks for the account of dealers in securities would not involve the evils at which section 32 was apparently directed and that, therefore, the submission of information regarding such subscriptions would serve no useful purpose. Accordingly, the Board feels that such information need not be submitted."

Approved.

Letter dated November 27, 1934, approved by five members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, stating that the Board has given consideration to the following application for a permit under the Clayton Act, and that, upon the basis of the information before it, feels that the issuance of the permit applied for would be incompatible with the public interest. The letter also requested Mr. Sargent to communicate to the applicant the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Mr. C. C. von Hamm, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii.

Approved.

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Letters dated November 27, 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. W. F. Frear, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director and officer of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii.

Mr. J. W. Waldron, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii.

Mr. G. P. Wilcox, for permission to serve at the same time as a director and officer of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director and officer of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii.

Approved.

Letter dated November 27, 1934, approved by five members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, inclosing the following Clayton Act permit for transmittal to the applicant, and requesting that, when transmitting the permit to the applicant, Mr. Sargent advise him that it is with the expectation that he will improve his attendance at directors' meetings that the permit has been granted, and that, when the assistant 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. H. A. Baldwin, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii.

Approved.

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Letter dated November 27, 1934, approved by five members of the Board, to an applicant for a permit under the Clayton Act, advising of approval of his application as follows:

Mr. George P. Rea, for permission to serve at the same time as a director and officer of the Bishop National Bank of Hawaii at Honolulu, Territory of Hawaii, and as a director of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii.

Approved, together with a letter, also dated November 27, 1934, and 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:

"There is inclosed for your files a copy of the Clayton Act permit granted to Mr. George P. Rea, Honolulu, Territory of Hawaii, to serve at the same time as director and officer of Bishop National Bank of Hawaii at Honolulu, and as director of Bishop Trust Company, Limited, both of Honolulu, Territory of Hawaii.

"In the confidential section of his report of examination of the Bishop National Bank as of August 5, 1933, the examiner noted, among other matters which had produced some unrest among the depositors of this bank, a suit brought in Federal Court against the applicant by the United States Government involving the collection of a sum allegedly due on 1929 income taxes, which claim the applicant disputes. From information available to the Board it appears that no suit was actually filed against the applicant but that probably certain steps had been taken to force a collection of the amount claimed due, that the applicant had taken the question to the United States Board of Tax Appeals from the decision of which he had not taken an appeal, and that negotiations between the applicant and the Bureau of Internal Revenue have been in process looking toward a settlement of the matter.

"In view, however, of the comments made by the examiner in his report of examination of the Bishop National Bank as of August 5, 1933, the Board requests that when you submit your recommendation as a result of your annual review of this permit you ascertain, if possible, the status of this matter and its effect, if any, on the qualifications and ability of the applicant, on the bank and its depositors and on the community in general and report fully thereon."

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Letters dated November 27, 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. J. Waterhouse, for permission to serve at the same time as a director and officer of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, as a director of the Hawaiian Trust Company, Limited, Honolulu, Territory of Hawaii, and as a director of the International Trust Company, Limited, Honolulu, Territory of Hawaii.

Mr. E. H. Wodehouse, for permission to serve at the same time as a director and officer of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Hawaiian Trust Company, Limited, Honolulu, Territory of Hawaii.

Mr. C. R. Hemenway, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Hawaiian Trust Company, Limited, Honolulu, Territory of Hawaii.

Mr. J. D. McInerny, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Hawaiian Trust Company, Limited, Honolulu, Territory of Hawaii.

Mr. John E. Russell, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Hawaiian Trust Company, Limited, Honolulu, Territory of Hawaii.

Approved, together with a letter, also dated November 27, 1934, and 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:

"There are inclosed for your files copies of Clayton Act permits granted to Messrs. J. Waterhouse, E. H. Wodehouse, C. R. Hemenway, J. D. McInerny and John E. Russell, Honolulu, Territory of Hawaii, to serve at the same time as directors and/or officers of the Bishop National Bank of Hawaii at Honolulu, and as directors and/or officers of the Hawaiian Trust Company, Limited, and/or International

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"Trust Company, Limited, both of Honolulu, T.H.
 "It is noted from your reports on form 94b, with respect to these applications, that you have been unable to obtain information concerning the character of the management and the financial condition of the trust companies since they are operating under territorial laws and are not members of the Federal Reserve System. Information available to the Board indicates that the applicants are men of high standing and integrity and that if the calibre of the applicants is any criterion as to the financial condition and management of the trust companies, the latter would appear to be in good condition. While the Board was reluctant to grant the above mentioned permits in the absence of specific information with respect to the trust companies, it has given consideration to the information available with respect to the standing and qualifications of the applicants and is cognizant of the fact that there is a lack of any evidence indicating that the national bank has suffered from its relations with the trust companies and that the desirability of delaying further consideration of these cases until specific information with respect to the condition of the trust companies could be obtained is questionable. In the circumstances, the Board requests that when you submit your recommendations as a result of your annual review of these permits you report fully such information as you may be able to obtain in the meantime from the territorial banking authorities with respect to the financial condition and the character of the management of the trust companies."

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

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 10.</u>		
The Farmers & Merchants National Bank of West Point, West Point, Nebraska	36	36
<u>Application for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
The New Haven Bank, N. B. A., New Haven, Connecticut	360	360

Approved.

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Thereupon the meeting adjourned.

Mr. ...
Mr. ...
Mr. ...

Mr. ...
Mr. ...
Mr. ...

C. Foster Merrill
Secretary.

Approved:

[Signature]
Governor.