

A meeting of the Federal Reserve Board was held in Washington on Saturday, December 8, 1934, at 11:30 a. m.

PRESENT: 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

The Board acted upon the following matters:

Memorandum dated December 5, 1934, from Mr. Morrill, Secretary, recommending that the arrangement now in effect with Dr. J. B. Glenn as examining physician for the Board be discontinued for the reasons stated in the memorandum, and that the Board approve the retention of Dr. E. O. Barr as examining physician to make physical examinations of all new employees approved for employment by the Board, the arrangement to be the same as that now in effect with Dr. Glenn; it being understood that the fee for each examination and report to the Federal Reserve Board, including, if requested, a detailed report with regard to the examination, will be \$5.00 payable upon the submission of proper voucher.

Approved.

Memorandum dated December 6, 1934, from Mr. Paulger, Chief of the Division of Examinations, recommending the appointment of Miss Bernice P. Thomas as a file clerk in the division, with salary at the rate of \$1,440 per annum, effective as of the date upon

12/8/34

-2-

which she enters upon the performance of her duties after having passed a satisfactory physical examination.

Approved.

Memorandum dated December 8, 1934, from Mr. Morrill, Secretary, stating that the Board's Committee on District No. 1, Mr. Hamlin and Mr. James, recommend approval of the appointment of Mr. E. H. Osgood as Assistant Federal Reserve Agent at the Federal Reserve Bank of Boston, with salary at the rate of \$10,000 per annum, subject to the usual requirement as to surety bond.

Approved.

Telegram to Mr. Sproul, Secretary of the Federal Reserve Bank of New York, reading as follows:

"Your telegram December 7. Board approves extension for one week from December 9 of employment of Mr. Frederick E. Worden with salary at rate now in effect."

Approved.

Letter dated December 7, 1934, approved by five members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"There is transmitted herewith for your consideration an application of the 'Harvard Trust Company', Cambridge, Massachusetts, a member bank, for permission to establish and operate a branch at Belmont, Massachusetts.

"The town of Belmont, with a population of 21,748 is located in the same county as Cambridge and the proposed branch office will be situated about $3\frac{1}{2}$ miles from the main office of the Harvard Trust Company. The town is served by the Belmont Savings Bank (a mutual savings bank) with deposits of approximately \$1,906,000. It is understood that on June 5, 1934, your office approved an application for the establishment of the First National Bank of Belmont. However, the Federal

12/8/34

-3-

"Reserve Agent at Boston has advised that apparently the organizers have been unable to raise the necessary capital and that the bank has not been organized.

"At the present time the Harvard Trust Company is operating two branches, both of which are located within the city limits of Cambridge, which has a population of 113,643. The Board of Bank Incorporation of Massachusetts has authorized the trust company to establish and maintain a branch office at Belmont, Massachusetts, and the Federal Reserve Agent at Boston recommends that the application submitted herewith be approved.

"In the opinion of the Board the condition of the trust company is such as to warrant the establishment of the branch and, in view of the circumstances and the recommendation of the Federal Reserve Agent, the Federal Reserve Board recommends that you approve the establishment and operation of a branch at Belmont, Massachusetts, by the Harvard Trust Company, Cambridge, Massachusetts, on condition that:

Prior to the establishment of a branch at Belmont, Massachusetts, the Harvard Trust Company, Cambridge, Massachusetts, if it has not already done so, shall charge off or otherwise eliminate, all estimated losses, as shown in the report of examination as of October 27, 1934, made by an examiner for the Federal Reserve Bank of Boston.

"The attached files together with a copy of the memorandum prepared by the Board's Division of Examinations are transmitted herewith for your information, and it will be appreciated if you will return these files when they have served your purpose and when you advise the Board of your action on the application."

Approved.

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

"Re Dillistin's letter December 1. Reference Board's ANCIGAR telegrams of October 1, 1934, regarding issuance of limited voting permits to First Securities Corporation of Syracuse and First Trust & Deposit Company, both of Syracuse, New York. Subdivision 3 following the letter D in each of such telegrams is hereby amended to read 'To authorize the issuance by any of such banks of common and/or preferred stock subject to the approval of the Federal Reserve Agent at the Federal Reserve Bank of New York, and, if required by law, of the Comptroller of the Currency.'"

Approved.

12/8/34

-4-

Letter to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"The Federal Reserve Board has authorized the issuance to the TRUSTEES UNDER TRUST AGREEMENT WITH REFERENCE TO STOCK OF THE FIRST NATIONAL BANK OF LOUISVILLE, KENTUCKY, AND OTHER CORPORATIONS, DATED JULY 1, 1925 (hereinafter referred to as the Trust), of a general voting permit under the provisions of section 5144, of the Revised Statutes of the United States, as amended, entitling the Trust to vote, for all purposes, the stock which it owns or controls of 'The First National Bank of Louisville', Louisville, Kentucky, 'Kentucky Title Trust Company', Louisville, Kentucky, 'The First National Bank of Nicholasville', Nicholasville, Kentucky, 'Madison-Southern National Bank & Trust Company of Richmond', Richmond, Kentucky, and 'Boyle Bank and Trust Company', Danville, Kentucky, and has authorized the issuance of a similar permit to 'The First National Bank of Louisville', Louisville, Kentucky, entitling such bank to vote the stock which it owns or controls of 'Kentucky Title Trust Company', Louisville, Kentucky, 'The First National Bank of Nicholasville', Nicholasville, Kentucky, 'Madison-Southern National Bank & Trust Company of Richmond', Richmond, Kentucky, and 'Boyle Bank and Trust Company', Danville, Kentucky, subject to the conditions prescribed in the inclosed letters, which you are requested to forward to the above mentioned holding company affiliates, respectively, with any additional comments you may deem advisable in view of the circumstances involved. A copy of each of such letters is inclosed for your files, and a copy of each of such letters, and of this letter, has been forwarded to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland.

"From the information transmitted with your letter of October 31, 1934, it appears that 'First Kentucky Company', Louisville, Kentucky, is no longer a holding company affiliate and, accordingly no further consideration will be given to the voting permit application of that company.

"Your memorandum of 'Requirements incident to issuance of voting permit', as of February 10, 1934, included among the items to be charged off 50% of assets considered doubtful. However, in view of the Board's usual requirements, and in the absence of any unusual circumstances in this case, it is felt that the subsidiary banks in question should not be required to make any charge-off of doubtful assets.

"With respect to capital adjustments, it has been noted that \$500,000 of additional capital was tentatively recommended in the case of The First National Bank of Louisville, but the

12/8/34

-5-

"information submitted indicates that the condition of the institution apparently has improved to such extent that no additional capital is needed at this time. For your confidential information, it has also been observed that the files of the Comptroller of the Currency contain a memorandum dated April 20, 1934, in which the opinion was expressed that an increase in capital need not be urged against the wishes of the bank. It appears, therefore, that this requirement may be waived.

"With reference to condition numbered 3 set forth in the inclosed letters to the applicants, it is observed that an estimated loss of \$6,000 in loans made by the Madison-Southern National Bank & Trust Company of Richmond, Richmond, Kentucky, to Allen Zaring and to the J. W. Zaring Grain and Mill Company, was discussed in Mr. R. C. Gifford's letter to you under date of April 30, 1934, in which he indicated that the loans in question were believed to be collectible and disagreed with the opinion of the examiner. If you and the Federal Reserve Agent at Cleveland agree that the examiner's classification of a portion of these loans as loss was more severe than is justified by the circumstances you are authorized to advise the applicants that the \$6,000 item referred to may be excepted from the required eliminations.

"With respect to the stock of the Lightfoot Land Company, carried at \$60,000 in the assets of the Kentucky Title Trust Company on February 10, 1934, it is understood that this stock has since been entirely eliminated from the trust company's assets by charge-offs and transfer to the Trust.

"Your letter to the Board dated October 12, 1934, stated that you had not received from Mr. S. A. Phillips the application which he should file pursuant to the provisions of the Clayton Antitrust Act. Prior to the issuance of the voting permits, you should receive assurances satisfactory to yourself that the service of Mr. Phillips, as well as any other relationships falling within the provisions of the Clayton Act, will be brought into conformity with the requirements of such act, as soon as possible, either through filing applications for and obtaining permits in appropriate cases, or otherwise.

"It is requested that as soon as you receive from the above mentioned holding company affiliates, respectively, three copies of the inclosed agreements marked Exhibits 1 and 2, and three copies of the Requests for Amendment marked Exhibits 3 and 4, executed by the holding company affiliates designated therein, in a manner satisfactory to counsel for the Federal Reserve Bank of St. Louis, together with information satisfactory to you that the other conditions contained in the inclosed letters have been complied with, you advise

12/8/34

-6-

"the Board by telegram to that effect. Upon receipt of such advice from you, voting permits will be issued and mailed directly to the applicants and copies of such permits will be forwarded to you and to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland. Two executed copies of Exhibits 1, 2, 3 and 4 should be forwarded to the Board for its records and the third executed copy of each exhibit should be retained for the records of your office."

The letter to the trust and the agreement inclosed therewith, mentioned in the above letter to Mr. Wood, read as follows:

"The Federal Reserve Board has considered the application of the TRUSTEES UNDER TRUST AGREEMENT WITH REFERENCE TO STOCK OF THE FIRST NATIONAL BANK OF LOUISVILLE, KENTUCKY, AND OTHER CORPORATIONS, DATED JULY 1, 1925 (hereinafter referred to as the Trust), for a general voting permit under the provisions of section 5144 of the Revised Statutes of the United States, as amended, entitling the Trust to vote the stock which it owns or controls of its subsidiary member banks, and hereby authorizes the issuance of such a permit authorizing the Trust to vote the stock of 'The First National Bank of Louisville', Louisville, Kentucky, 'Kentucky Title Trust Company', Louisville, Kentucky, 'The First National Bank of Nicholasville', Nicholasville, Kentucky, 'Madison-Southern National Bank & Trust Company of Richmond', Richmond, Kentucky, and 'Boyle Bank and Trust Company', Danville, Kentucky, upon the following conditions:

- "1. Prior to the issuance of the general voting permit authorized herein, the Trust shall execute and deliver to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis (hereinafter referred to as the Federal Reserve Agent) three copies of the inclosed agreement marked Exhibit 1, and The First National Bank of Louisville shall execute and deliver to the Federal Reserve Agent three copies of the agreement marked Exhibit 2, forwarded to said bank, in a letter bearing the same date as this letter.
- "2. Prior to the issuance of the general voting permit authorized herein, the Trust shall deliver to the Federal Reserve Agent three copies of the Request for Amendment marked Exhibit 3, inclosed herewith, executed by Ralph C. Gifford, Chairman, or Ernest S. Clarke, Vice-Chairman, on behalf of the Trust, and The First National Bank of Louisville shall deliver to the Federal Reserve Agent three copies of the Request for Amendment marked Exhibit 4, forwarded to

12/8/34

-7-

"such bank in a letter bearing the same date as this letter, executed by Ralph C. Gifford, President, or Stuart H. Mann, Vice-President, on behalf of such bank.

- "3. Prior to the issuance of the general voting permit authorized herein, the Trust shall, and shall cause each of its subsidiary banks to, charge off or otherwise eliminate from its assets, if it has not already done so:
- (a) All estimated losses in loans and discounts,
 - (b) All depreciation in stocks and defaulted securities,
 - (c) All depreciation in securities not of the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities,
 - (d) All other losses,
- as shown by the reports of examinations of such holding company affiliates and banks as of February 10, 1934, made by examiners for the Federal Reserve Bank of St. Louis and by national bank examiners, or as shown by the latest available reports of examinations by the appropriate supervisory authorities.
- "4. Prior to the issuance of the general voting permit authorized herein, the Trust shall cause:

- (a) Kentucky Title Trust Company, if it has not already done so, to dispose of all of its holdings of the capital stock of the Kentucky Title Company;
- (b) Kentucky Title Trust Company, if it has not already done so, to eliminate from its assets all loans, advances, and extensions of credit to the Lightfoot Land Company aggregating \$319,416.71, including the mortgages aggregating \$117,487.16 against properties deeded to the Lightfoot Land Company subject to such mortgages, as shown on page 4ZZZ of the report of examination as of February 10, 1934, or to show the loans, advances, or extensions of credit to the Lightfoot Land Company aggregating \$319,416.71, including the aforesaid mortgages aggregating \$117,487.16, in its published statements under the caption 'Other Real Estate' or 'Advances to Affiliated Real Estate Holding Company' or some similar caption;

12/8/34

-8-

- "(c) The First National Bank of Louisville, if it has not already done so, to eliminate from its assets all loans, advances, or extensions of credit to Lightfoot Land Company, or to show such loans, advances, or extensions of credit, in its published statements under the caption 'Other Real Estate' or 'Advances to Affiliated Real Estate Holding Company' or some similar caption.
- "5. Prior to the issuance of the general voting permit authorized herein, the Trust shall cause each of its subsidiary banks to charge off or otherwise eliminate from its assets an amount sufficient to reduce the investment of each such subsidiary bank in other real estate, banking house and furniture and fixtures to an amount which shall not exceed the respective current appraised values thereof as shown by an appraisal satisfactory to the Federal Reserve Agent.
- "The period within which a voting permit may be obtained by compliance with the above conditions is limited to four months from the date of this letter, unless application for an extension of time is made to and granted by the Federal Reserve Board.
- "In connection with the elimination of depreciation in securities required under condition number 3, such elimination, in the case of readily marketable securities, may be based upon current market values of such securities. In determining the amount of depreciation in securities to be eliminated under the above conditions, the amount of net appreciation in securities of the first four grades may be deducted.
- "It is felt that particular attention should be given to the Jacobson concentration in the Kentucky Title Trust Company, which has been repeatedly criticized in reports of examination. Direct loans of that bank to L. Jacobson & Sons, members of the Jacobson family, and their interests totaled approximately \$1,324,000 on February 10, 1934, and indirect loans aggregated \$227,000. The examiner reported this line as being in excess of the bank's legal limit. Although representatives of the Trust stated during recent conferences with members of the Board and its staff that these lines do not represent a concentration of credit to the Jacobson interests but represent a number of individual and separate lines of credit adequately secured by first mortgages on real estate, it appears from the report of examination as of February 10, 1934, that certain large amounts represent loans to corporations which appear to be interests of the Jacobson family and that other amounts apparently are direct obligations of L. Jacobson & Sons and members of the Jacobson family. The Board feels, therefore, that these lines constitute an undue and unwarranted

12/8/34

-9-

"concentration of credit arising from a single source and that the Kentucky Title Trust Company should reduce the total line in substantial amounts. In addition, other concentrations, loans especially mentioned, past due loans, and slow and doubtful assets in the Kentucky Title Trust Company and in other banks of the group, should receive particular attention.

"At the time the voting permit applications were filed by the Trust and by The First National Bank of Louisville, Boyle Bank and Trust Company, Danville, Kentucky, had not been admitted to membership in the Federal Reserve System and therefore was not included in Exhibit A which lists the subsidiary member banks of the applicant. The inclosed Request for Amendment marked Exhibit 3 will bring Exhibit A of the voting permit application into conformity with the facts as they now exist.

"When the inclosed agreement marked Exhibit 1 and the Request for Amendment marked Exhibit 3 have been executed by the Trust, please forward 3 executed copies of each of such exhibits to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis, and advise him of the action taken to comply with the other conditions stated herein. When such Federal Reserve Agent is satisfied that all of the conditions have been complied with, he will advise the Board of the action taken in this matter, and, when all of such conditions have been complied with, the Board will issue a voting permit to the Trust."

"AGREEMENT

"In consideration of the granting by the Federal Reserve Board, under authority of section 5144 of the Revised Statutes of the United States, as amended, and pursuant to an application heretofore filed with the Federal Reserve Board by the undersigned, of a voting permit entitling the undersigned to vote, for all purposes, each share of stock which it owns or controls of its subsidiary member banks, the undersigned hereby represents, undertakes and agrees as follows:

- "1. That the undersigned will cause each of its subsidiary banks to maintain an amount of paid-up and unimpaired capital and unimpaired surplus which, in the judgment of the Federal Reserve Board, will be adequate in relation to its total deposit liabilities, having due regard to the general principle that a bank's capital and surplus ordinarily should not be less than one-tenth of the average amount of its aggregate deposit liabilities and, in some circumstances, should be more than one-tenth of such amount;
- "2. That the undersigned will take all necessary action within its power to prevent any of its subsidiary banks

12/8/34

-10-

"and any other banks with which the undersigned or any of its subsidiaries is affiliated from investing trust funds held by them in the certificates of the undersigned, or in capital stock, bonds, debentures or other obligations issued or guaranteed by the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated;

- "3. That the undersigned will not make, and will take all necessary action within its power to prevent any of its subsidiaries and any other organizations with which the undersigned or any of its subsidiaries is affiliated from making, any loans or extensions of credit to, or purchases of securities under repurchase agreements from, the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated, or any investments in, or advances against, securities of the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated, except within the same limitations and subject to the same conditions and provisions as are applicable under section 23A of the Federal Reserve Act to such transactions involving member banks and their affiliates; except that this paragraph shall not apply to loans or extensions of credit by any organization to its own subsidiaries, or the purchase of securities under repurchase agreements by any organization from its own subsidiaries, or the investment by any organization in the securities of its own subsidiaries, where such transactions would not otherwise be subject to the limitations, conditions and provisions of Section 23A of the Federal Reserve Act.

"This agreement is executed in triplicate."

The letter to The First National Bank of Louisville, Kentucky, and the agreement inclosed therewith, mentioned in the above letter to Mr. Wood, read as follows:

"The Federal Reserve Board has considered the application of 'The First National Bank of Louisville', Louisville, Kentucky, (hereinafter referred to as the Applicant), for a general voting permit under the provisions of section 5144 of the Revised Statutes of the United States, as amended, entitling the Applicant to vote the stock which it owns or controls of its subsidiary member banks, and hereby authorizes

12/8/34

-11-

"the issuance of such a permit authorizing the Applicant to vote the stock of 'Kentucky Title Trust Company', Louisville, Kentucky, 'The First National Bank of Nicholasville', Nicholasville, Kentucky, 'Madison-Southern National Bank & Trust Company of Richmond', Richmond, Kentucky, and 'Boyle Bank and Trust Company', Danville, Kentucky, upon the following conditions:

- "1. Prior to the issuance of the general voting permit authorized herein, the Applicant shall execute and deliver to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis (hereinafter referred to as the Federal Reserve Agent) three copies of the inclosed agreement marked Exhibit 2, and the TRUSTEES UNDER TRUST AGREEMENT WITH REFERENCE TO STOCK OF THE FIRST NATIONAL BANK OF LOUISVILLE, KENTUCKY, AND OTHER CORPORATIONS, DATED JULY 1, 1925 (hereinafter referred to as the Trust) shall execute and deliver to the Federal Reserve Agent three copies of the agreement marked Exhibit 1, forwarded to the Trust, in a letter bearing the same date as this letter.
- "2. Prior to the issuance of the general voting permit authorized herein, the Applicant shall deliver to the Federal Reserve Agent three copies of the Request for Amendment marked Exhibit 4, inclosed herewith, executed by Ralph C. Gifford, President, or Stuart H. Mann, Vice-President, on behalf of the Applicant, and the Trust shall deliver to the Federal Reserve Agent three copies of the Request for Amendment marked Exhibit 3, forwarded to the Trust in a letter bearing the same date as this letter, executed by Ralph C. Gifford, Chairman, or Ernest S. Clarke, Vice-Chairman, on behalf of the Trust.
- "3. Prior to the issuance of the general voting permit authorized herein, the Trust and The First National Bank of Louisville shall, and shall cause each of their subsidiary banks to, charge off or otherwise eliminate from their assets, if they have not already done so:
 - (a) All estimated losses in loans and discounts,
 - (b) All depreciation in stocks and defaulted securities,
 - (c) All depreciation in securities not of the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities,
 - (d) All other losses,
 as shown by the reports of examinations of such holding

12/8/34

-12-

"company affiliates and banks as of February 10, 1934, made by examiners for the Federal Reserve Bank of St. Louis and by national bank examiners, or as shown by the latest available reports of examinations by the appropriate supervisory authorities.

"4. Prior to the issuance of the general voting permit authorized herein, the Trust shall cause:

(a) Kentucky Title Trust Company, if it has not already done so, to dispose of all of its holdings of the capital stock of the Kentucky Title Company;

(b) Kentucky Title Trust Company, if it has not already done so, to eliminate from its assets all loans, advances, and extensions of credit to the Lightfoot Land Company aggregating \$319,416.71, including the mortgages aggregating \$117,487.16 against properties deeded to the Lightfoot Land Company subject to such mortgages, as shown on page 4ZZZ of the report of examination as of February 10, 1934, or to show the loans, advances, or extensions of credit to the Lightfoot Land Company aggregating \$319,416.71, including the aforesaid mortgages aggregating \$117,487.16, in its published statements under the caption 'Other Real Estate' or 'Advances to Affiliated Real Estate Holding Company' or some similar caption;

(c) The First National Bank of Louisville, if it has not already done so, to eliminate from its assets all loans, advances, or extensions of credit to Lightfoot Land Company, or to show such loans, advances, or extensions of credit, in its published statements under the caption 'Other Real Estate' or 'Advances to Affiliated Real Estate Holding Company' or some similar caption.

"5. Prior to the issuance of the general voting permit authorized herein, the Applicant shall, and shall cause each of its subsidiary banks to, charge off or otherwise eliminate from its assets an amount sufficient to reduce the investment of each such bank in other real estate, banking house and furniture and fixtures to an amount which shall not exceed the respective current appraised values thereof as shown by an appraisal satisfactory to the Federal Reserve Agent.

12/8/34

-13-

"The period within which a voting permit may be obtained by compliance with the above conditions is limited to four months from the date of this letter, unless application for an extension of time is made to and granted by the Federal Reserve Board.

"In connection with the elimination of depreciation in securities required under condition number 3, such elimination, in the case of readily marketable securities, may be based upon current market values of such securities. In determining the amount of depreciation in securities to be eliminated under the above conditions, the amount of net appreciation in securities of the first four grades may be deducted.

"It is felt that particular attention should be given to the Jacobson concentration in the Kentucky Title Trust Company, which has been repeatedly criticized in reports of examination. Direct loans of that bank to L. Jacobson & Sons, members of the Jacobson family, and their interests totaled approximately \$1,324,000 on February 10, 1934, and indirect loans aggregated \$227,000. The examiner reported this line as being in excess of the bank's legal limit. Although representatives of the Applicant stated during recent conferences with members of the Board and its staff that these lines do not represent a concentration of credit to the Jacobson interests but represent a number of individual and separate lines of credit adequately secured by first mortgages on real estate, it appears from the report of examination as of February 10, 1934, that certain large amounts represent loans to corporations which appear to be interests of the Jacobson family and that other amounts apparently are direct obligations of L. Jacobson & Sons and members of the Jacobson family. The Board feels, therefore, that these lines constitute an undue and unwarranted concentration of credit arising from a single source and that the Kentucky Title Trust Company should reduce the total line in substantial amounts. In addition, other concentrations, loans especially mentioned, past due loans, and slow and doubtful assets in the Kentucky Title Trust Company and in other banks of the group, should receive particular attention.

"At the time the voting permit applications were filed by the Trust and by the Applicant, Boyle Bank and Trust Company, Danville, Kentucky, had not been admitted to membership in the Federal Reserve System and therefore was not included in Exhibit A which lists the subsidiary member banks of the applicant. The inclosed Request for Amendment marked Exhibit 4 will bring Exhibit A of the voting permit application into conformity with the facts as they now exist.

12/8/34

-14-

"When the inclosed agreement marked Exhibit 2 and the Request for Amendment marked Exhibit 4 have been executed by the Applicant, please forward 3 executed copies of each of such exhibits to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis, and advise him of the action taken to comply with the other conditions stated herein. When such Federal Reserve Agent is satisfied that all of the conditions have been complied with, he will advise the Board of the action taken in this matter, and, when all of such conditions have been complied with, the Board will issue a voting permit to the Applicant."

"AGREEMENT

"In consideration of the granting by the Federal Reserve Board, under authority of section 5144 of the Revised Statutes of the United States, as amended, and pursuant to an application heretofore filed with the Federal Reserve Board by the undersigned, of a voting permit entitling the undersigned to vote, for all purposes, each share of stock which it owns or controls of its subsidiary member banks, the undersigned hereby represents, undertakes and agrees as follows:

- "1. That the undersigned will maintain, and will cause each of its subsidiary banks to maintain, an amount of paid-up and unimpaired capital and unimpaired surplus which, in the judgment of the Federal Reserve Board, will be adequate in relation to its total deposit liabilities, having due regard to the general principle that a bank's capital and surplus ordinarily should not be less than one-tenth of the average amount of its aggregate deposit liabilities and, in some circumstances, should be more than one-tenth of such amounts;
- "2. That the undersigned will not invest, and will take all necessary action within its power to prevent any of its subsidiary banks and any other banks with which the undersigned or any of its subsidiaries is affiliated from investing, trust funds held by it or them in capital stock, bonds, debentures or other obligations issued or guaranteed by the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated;
- "3. That the undersigned will not make, and will take all necessary action within its power to prevent any of its subsidiaries and any other organizations with which the undersigned or any of its subsidiaries is affiliated from making, any loans or extensions of

12/8/34

-15-

"credit to, or purchases of securities under repurchase agreements from, the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated, or any investments in, or advances against, securities of the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated, except within the same limitations and subject to the same conditions and provisions as are applicable under section 23A of the Federal Reserve Act to such transactions involving member banks and their affiliates; except that this paragraph shall not apply to loans or extensions of credit by any organization to its own subsidiaries, or the purchase of securities under repurchase agreements by any organization from its own subsidiaries, or the investment by any organization in the securities of its own subsidiaries, where such transactions would not otherwise be subject to the limitations, conditions and provisions of section 23A of the Federal Reserve Act.

"This agreement is executed in triplicate."

The three letters quoted above were approved.

In connection with the above letters, consideration was given to a memorandum dated November 22, 1934, from Mr. Owens, Assistant Counsel, setting forth the reasons for including paragraphs numbered 1 and 3 in the agreements referred to above.

Telegram to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, stating that the Board has given consideration to the application of the "Minnesota National Corporation", Duluth, Minnesota, for a voting permit under the authority of section 5144 of the Revised Statutes of the United States, as amended, entitling such organization to vote the stock which it owns or controls in "The Minnesota National Bank of Duluth", Duluth, Minnesota, and has authorized the issuance of a

12/8/34

-16-

limited permit to the applicant, subject to the following conditions:

"Prior to the issuance of the limited voting permit authorized herein,

"(1) the Federal Reserve Agent shall satisfy himself that each of the subsidiary banks of the applicant has charged off or otherwise eliminated, (a) all losses in loans and discounts, (b) all depreciation in stocks and defaulted securities, (c) all depreciation in securities not of the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities and (d) all other losses; as shown by the latest available reports of examinations by the appropriate supervisory authorities, except that the charge-offs and eliminations required by (b) and (c) above may be based upon current appraisals of marketable securities satisfactory to the Federal Reserve Agent;

"(2) the Federal Reserve Agent shall satisfy himself that the applicant has substantially performed any agreement or agreements heretofore executed by it as a condition to the issuance of a limited voting permit by the Federal Reserve Board;

"(3) the Federal Reserve Agent and the Executive Committee of the Federal reserve bank shall approve the issuance of such permit."

and for the following purposes:

"(1) To elect directors of such bank at the annual meeting of shareholders, or at any adjournments thereof, at any time prior to April 1, 1935, and to act thereat upon such matters of a routine nature as are ordinarily acted upon at the annual meetings of such bank.

"(2) At any time prior to April 1, 1935, to authorize a reduction in the common capital stock of such bank and to make any amendments to the articles of association of such bank necessary to give effect to such change in capitalization, all of which shall be substantially in accordance with the plan submitted by the bank to the Comptroller of the Currency under date of November 8, 1934."

The telegram also stated that since the information submitted in connection with the application for the reduction in the capital of The Minnesota National Bank of Duluth, Minnesota, indicates that it is proposed to liquidate the Minnesota National Corporation

12/8/34

-17-

at an early date, the agent is requested to advise the Board when the Corporation has been liquidated and furnish information for the Board's files as to the manner of accomplishment of such liquidation. The telegram also authorized the agent to have prepared by counsel for the Federal reserve bank, and to issue to the Minnesota National Corporation, a limited voting permit in accordance with the telegram when the conditions prescribed therein have been complied with.

Approved, together with a 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 Minnesota National Bank of Duluth', Duluth, Minnesota, from \$600,000 to \$400,000, pursuant to a plan which provides that \$100,000 of the released capital will be credited to surplus and/or undivided profits and the remaining \$100,000 will be distributed to the shareholders and used to liquidate the Minnesota National Corporation, a holding company affiliate, all as set forth in your memorandum of December 4, 1934."

Memorandum dated November 21, 1934, from Mr. DuBois, Assistant Counsel, referring to the Board's letter of June 6, 1934 (X-7907), to the governors of all Federal reserve banks requesting each governor to advise the Board whether in his opinion it would be desirable to obtain an amendment to the Federal Reserve Act which would specifically authorize Federal reserve banks to receive for safekeeping securities pledged by a member bank to secure public deposits, and stating that replies to the Board's inquiry have now been received from all of the Federal reserve banks, and

12/8/34

-18-

that the preponderance of opinion expressed is that such an amendment is not desirable. The memorandum reviewed briefly the replies received from the Federal reserve banks, and stated that, in view of such replies, it is believed that the Board is justified in taking no further action in the matter at the present time.

It was decided that no action would be taken on the matter at this time.

Memorandum dated November 30, 1934, from Mr. Smead, Chief of the Division of Bank Operations, submitting a copy of form 105, condition report of State member banks; recommending that the two changes indicated thereon be incorporated in the form to be used at the time of the next call for condition reports; and stating that the addition of the new item "Federal Intermediate Credit Banks" in Schedule G has been made at the suggestion of the Farm Credit Administration, which is desirous of obtaining data on the amount of such obligations held by member banks; that the proposed elimination of the words "or with recourse to this bank" in item 4 of Schedule H has been suggested in order to avoid confusion between "rediscounts", as shown against that item, and "Acceptances of other banks and bills of exchange or drafts sold with endorsement of this bank" as shown against Liability item 24; and that it is understood that the office of the Comptroller of the Currency is making similar changes in the form of report to be used by national banks. The memorandum stated also that the Board has been requested by the Farm Credit Administration to obtain a separate

12/8/34

-19-

schedule covering farm loans as of the next call date, and by the Federal Housing Administration to obtain a schedule on urban real estate loans; that it is understood that the office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have agreed to obtain such schedules; and that it is recommended that the Board also acquiesce in the requests of the Farm Credit Administration and the Federal Housing Administration. The recommendations were approved by five members of the Board on December 7, 1934.

Approved.

Letter dated December 7, 1934, approved by five members of the Board, to Mr. Chester L. Bennett, Belmar, New Jersey, reading as follows:

"The Comptroller of the Currency has referred your letter of September 14, 1934, and inclosure, to the Federal Reserve Board for reply.

"You advised that you are the heir of one of the trust estates being administered by the Fidelity Union Trust Company, Newark, New Jersey, and you complained that this institution has improperly invested trust funds of the estate in guaranteed mortgage certificates of the Fidelity Union Title and Mortgage Company, also of Newark, an affiliated institution. You requested advice as to the proper authority to which your complaint should be made, and it is assumed that you desire advice as to your rights in the premises.

"The Fidelity Union Trust Company is a member of the Federal Reserve System, and under the provisions of the Federal Reserve Act the Board performs duties of a supervisory character with respect to that institution and other banks and trust companies which are members of the Federal Reserve System. However, it is not within the scope of the Board's lawful functions to advise as to the rights of the parties in connection with transactions between a member bank and one of its customers, and the Board regrets, therefore, that it cannot undertake to advise you as to your rights in this

12/8/34

-20-

"matter. As you know, the Fidelity Union Trust Company is chartered under the laws of the State of New Jersey, and, in view of this fact, the Board is having your letter brought to the attention of the Commissioner of the Department of Banking and Insurance of that State for his information and such disposition as he deems advisable.

"You have suggested that the provisions of section 11(k) of the Federal Reserve Act are applicable to the circumstances involved in your case. However, your attention is called to the fact that section 11(k) of the Federal Reserve Act by its terms is applicable only to the loaning of trust funds by a national bank to its directors, officers or employees and is not applicable to any such transactions involving State institutions which are members of the Federal Reserve System."

Approved, together with a letter, also dated December 7, 1934, and approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"There is inclosed herewith for your information a copy of a letter, with inclosure, which Mr. Chester L. Bennett, Belmar, New Jersey, addressed to the Comptroller of the Currency under date of September 14, 1934, and which the Comptroller has referred to the Board, together with a copy of the self-explanatory reply of this office thereto. Your attention is called to the fact that the Board has advised Mr. Bennett that his letter will be brought to the attention of the Commissioner of the Department of Banking and Insurance of the State of New Jersey and you are accordingly requested to bring that letter to the attention of the Commissioner for such disposition as he deems advisable.

"It has been observed that the Fidelity Union Trust Company, referred to in the inclosed correspondence, was last examined on January 22, 1934. It is accordingly requested that, if you have not already done so, you arrange for another examination of this trust company at your early convenience and request the examiner for the Federal Reserve Bank of New York at the time of such examination to give particular consideration to any transactions of the kind referred to in the inclosed correspondence. In this connection, as you know, the Board disapproves of the investment of trust funds by a member bank in obligations of the bank's directors, officers or employees or their affiliations or corporations affiliated with the bank, and it is the Board's practice to prescribe for trust companies and banks exercising

12/8/34

3764

-21-

"trust powers applying for admission to membership in the Federal Reserve System the following condition, among others:

'Such bank shall not, after the date of its admission to membership, invest trust funds held by it in obligations of the bank's directors, officers, employees or their affiliations or corporations affiliated with the bank.'

"The investment by a banking institution of funds it holds in trust in assets of the bank or its affiliated interests constitutes self dealing which violates the fundamental principles of trusteeship and may result in the bank incurring heavy liabilities. 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.'

"You are requested, if you have not already done so, to bring the Board's views in this matter to the attention of the Fidelity Union Trust Company and, after the next examination of that trust company, advise the Board what correction has been made of any practices of the kind referred to above which may have been heretofore followed by the trust company."

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, 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

12/8/34

-22-

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. Charles E. Hulbert, for permission to serve at the same time as a director and officer of The First National Bank of Downsville, Downsville, New York, as a director and officer of The First National Bank and Trust Company of Walton, Walton, New York, and as a director and officer of The First National Bank in Sidney, Sidney, New York.

Approved.

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

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. William H. Peters, Roscoe, New York, to serve at the same time as director and officer of The Livingston Manor National Bank, Livingston Manor, New York, The First National Bank & Trust Company of Roscoe, Roscoe, New York, and Sullivan County Trust Company, Monticello, New York, for transmittal by you to Mr. Peters and the banks, and a copy for your files.

"In considering the application of Mr. Peters, it was noted that his borrowings and those of his interests from the Livingston Manor and Roscoe banks were subjected to criticism by the examiners of those two institutions, but from information furnished by you it appears that his indebtedness at the Livingston Manor bank has since been paid and the released collateral placed with the Roscoe bank as additional support for his loans in that institution. However, it does not appear that any action has been taken with respect to the loan of the applicant's brother, bearing his endorsement, or the loan of Bennett-Davis, Inc., in which the applicant is said to be interested, at the Roscoe bank. Both of these loans were severely criticized by the examiner.

"In granting this permit the Board took into consideration the information and recommendations submitted with your letter of October 29, 1934, concerning the application in which it is indicated that an improvement in the condition of Mr. Peters' loans has been effected, that his assistance in the management of the Livingston Manor bank is considered desirable by the controlling interests of that institution at this time, and that after a review of all of the factors involved in this case you now recommend that the permit be granted.

12/8/34

-23-

"In view, however, of the past history of Mr. Peters' borrowings from The Livingston Manor National Bank and The First National Bank & Trust Company of Roscoe, and the fact that all criticisms in connection therewith have not been corrected, the Board has granted the permit only for the period ending December 31, 1935. When the permit is sent to the applicant it is suggested that you call his attention to the limited status of the permit and advise him that if he desires to continue his services with the banks after that date the Board will give consideration to a new application submitted in accordance with the Board's Regulation L provided it is accompanied by full information with respect to any subsequent improvement in the condition and management of the banks involved and as to the nature and extent of the use which has been made of the credit facilities of the banks by the applicant, his family and interests and a showing that the applicant's service to the banks involved would not be incompatible with the public interest. It is also suggested that you keep in touch with this situation and endeavor in cooperation with the appropriate supervisory authorities to effect such further corrections in the condition and management of the banks involved and those matters criticized by the examiner as appear necessary or desirable."

Approved.

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

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. George I. Treyz, Roscoe, New York, to serve at the same time as director and officer of The First National Bank & Trust Company of Roscoe, Roscoe, New York, as director and officer of The Livingston Manor National Bank, Livingston Manor, New York, and as director of The First National Bank and Trust Company of Walton, Walton, New York, for transmittal by you to the applicant and the banks, and a copy for your files.

"In granting this permit the Board took into consideration the information and recommendation contained in your letter of October 29, 1934, with respect to the applicant's services with the banks involved. It was noted that you did not alter your original recommendation to the effect that the permit be denied with respect to the applicant's services to The First National Bank and Trust Company of Walton, as Mr. Treyz had advised you that he expected to sever his connection with that bank after January 1, 1935. However, in

12/8/34

-24-

"order to avoid any unnecessary embarrassment to Mr. Treyz and to prevent any misunderstanding in the communities which might prove detrimental to the best interests of the banks involved, the Board has granted the permit to cover his services to the three banks.

"Since the permit has been granted with the understanding on the part of the Board that Mr. Treyz intends to sever his relationships with The First National Bank and Trust Company of Walton, please advise the Board as to action taken by Mr. Treyz in connection with the severance of his services to that bank after the next annual meeting of the shareholders in order that the Board's records may be complete in this case."

Approved.

Letter to Mr. Fletcher, Assistant Federal Reserve Agent at the Federal Reserve Bank of Cleveland, inclosing the following Clayton Act permit for transmittal to the applicant, and requesting that the agent review the case on July 1, 1935, and report in detail as to the progress made by the applicant, his family, and their interests, in eliminating their lines of credit from the banks, and as to the method by which such eliminations have been effected, and that at the same time the agent submit his recommendation as to whether, in his opinion, consideration should be given to the revocation of the permit:

Mr. Chess Lamberton, for permission to serve at the same time as a director and officer of The Lamberton National Bank of Franklin, Franklin, Pennsylvania, as a director and officer of The First National Bank of Cochranton, Cochranton, Pennsylvania, and as a director of the Federal Reserve Bank of Cleveland, Cleveland, Ohio.

Approved.

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

12/8/34

-25-

"There are inclosed the original and copies of a Clayton Act permit granted to Mr. Robert Lamberton, Franklin, Pennsylvania, to serve at the same time as director and officer of The Lamberton National Bank of Franklin, Franklin, and as director and officer of The First National Bank of Cochran-
ton, Cochran-
ton, both of Pennsylvania, for transmittal by you to the applicant and the banks, and a copy for your files.

"In the consideration of this application it was noted that Mr. Lamberton, as vice president and director of these banks for many years, undoubtedly shares responsibility for the large concentration of loans made by these banks to the Lamberton family and their interests and for the indicated use of the banks' credit facilities for speculation in securities, all as more fully set forth in the Board's letter to you concerning the Clayton Act application of Mr. Chess Lamberton. Although the applicant and Mr. Chess Lamberton apparently share responsibility for the above stated conditions, it was noted that the obligations of the applicant were more severely criticized than were those of Mr. Chess Lamberton, and that apparently the former is more financially involved than the latter.

"As stated in its letter relative to the Clayton Act permit granted to Mr. Chess Lamberton, the Board feels that the criticized concentration of loans to the Lamberton family and their interests and the apparent undue use of the banks' credit facilities for speculation in securities are wholly unwarranted and represent conditions of a kind which the Congress intended to correct by the Banking Act of 1933; and it has been very reluctant to grant a permit in this case. It has given consideration, however, to your suggestion that a limited permit be granted to the applicant in order to avoid any unnecessary misunderstanding in the communities which might prove detrimental to the best interests of the banks and has granted a permit to continue in effect, however, only until the close of December 31, 1934. When the permit is sent to the applicant it is suggested that you call his attention to the limited status of the permit and advise him that it has been granted with the expectation that, at its expiration, he will bring his relationships into conformity with the provisions of the Clayton Act by discontinuing his service as officer and director of one of the banks involved.

"Please advise the applicant that, in the event he desires to submit further facts or arguments in connection with his application, the Board will be glad to give them careful consideration. However, any additional facts or arguments should be submitted to you on or before December 20, 1934.

12/8/34

-26-

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

Approved.

Letter dated December 7, 1934, approved by five members of the Board, to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"There are inclosed the original and copies of Clayton Act permits granted to the following individuals to serve the banks named and in the capacities indicated in their respective permits:

Alfred I. du Pont
F. C. Schwalbe
Henry W. Dew
William Hardin Goodman
B. S. Weathers
Willard Hamilton
W. A. Macduff
George J. Avent.

"In the consideration of these applications it was noted from the report of examination of The Florida National Bank of Jacksonville as of June 11, 1934, that the stock certificates of such bank evidence by endorsement thereon and carry a pro rata beneficial interest in the \$15,000 capitalization of the Florida National Company (organized for the purpose of holding certain assets of The Florida National Bank of Jacksonville) apparently in violation of Section 5139 of United States Revised Statutes as amended by Section 18 of the Banking Act of 1933. While it is understood action is being taken to comply with this provision of the law it is noted that the examiner in his report as of June 11, 1934, expressed the opinion that as yet the proper legal steps had not been taken but that the stockholders would authorize the steps necessary to effect compliance with the statute upon receipt of a general voting permit, application for which has been made. In the circumstances, you are requested to withhold delivery of the inclosed permits and copies thereof until you have satisfied yourself that a proper compliance with the provisions of Section 5139 of the United States Revised Statutes as amended by Section 18 of the Banking Act of 1933 has been effected, at which time you are authorized to release the permits to the applicants and copies thereof to the banks involved.

"Please advise the Board of your action in this matter

12/8/34

-27-

"and as to the disposition of the permits.

"In considering the application of Mr. du Pont, it was noted that he failed to attend any of the twenty-three meetings held by the directors of The Florida National Bank of Jacksonville during the past two years and also failed to attend any of the seventeen meetings held by the directors of The Florida National Bank and Trust Company at Miami during the same period. It has also been noted that during the past two years the record of attendance of Messrs. Schwalbe, Dew, Goodman, Weathers and Hamilton at directors' meetings of some of the banks served by them has been unsatisfactory.

"In granting these permits, the Board took into consideration the apparent fact that Mr. du Pont is a man of considerable influence in the communities served by the banks, that his financial responsibility and broad business experience are considered to be of value to the banks and that his nonattendance at directors' meetings during the past two years has been occasioned by his recent serious illness and his inability to hear; that Messrs. Dew, Goodman and Hamilton are reported to keep in touch with the affairs of the banks involved; and that Messrs. Schwalbe, Dew, Goodman, Weathers and Hamilton have expressed an intention to improve their records of attendance at directors' meetings in the future.

"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. When the permits are sent to Messrs. du Pont, Schwalbe, Dew, Goodman, Weathers and Hamilton, it is suggested that you inform them of the Board's views in the matter and advise them that the permits have been granted with the expectation that they will improve their attendance at directors' meetings.

"The Board requests that when you submit your recommendation as a result of your annual review of these permits you report fully as to the attendance of Messrs. du Pont, Schwalbe, Dew, Goodman, Weathers and Hamilton at directors' meetings."

Approved.

The Clayton Act permits referred to in the above letter were as follows:

12/8/34

-28-

Mr. Alfred I. duPont, for permission to serve at the same time as a director and officer of The Florida National Bank of Jacksonville, Jacksonville, Florida, and as a director and officer of The Florida National Bank and Trust Company at Miami, Miami, Florida.

Mr. F. C. Schwalbe, for permission to serve at the same time as an officer of The Florida National Bank of Jacksonville, Jacksonville, Florida, as a director and officer of the Florida Bank & Trust Company at Daytona Beach, Daytona Beach, Florida, and as a director of The Florida National Bank and Trust Company at Miami, Miami, Florida.

Mr. Henry W. Dew, for permission to serve at the same time as a director of The Florida National Bank of Jacksonville, Jacksonville, Florida, as a director of the Florida Bank & Trust Company at Daytona Beach, Daytona Beach, Florida, and as a director of The Florida National Bank at St. Petersburg, St. Petersburg, Florida.

Mr. Wm. Hardin Goodman, for permission to serve at the same time as an officer of The Florida National Bank of Jacksonville, Jacksonville, Florida, as a director of The Florida National Bank at St. Petersburg, St. Petersburg, Florida, and as a director of the Florida Bank at Orlando, Orlando, Florida.

Mr. B. S. Weathers, for permission to serve at the same time as a director and officer of The Florida National Bank of Jacksonville, Jacksonville, Florida, and as a director and officer of The Florida National Bank and Trust Company at Miami, Miami, Florida.

Mr. Willard Hamilton, for permission to serve at the same time as a director of The Florida National Bank of Jacksonville, Jacksonville, Florida, and as a director and officer of the Florida Bank at Orlando, Orlando, Florida.

Mr. W. A. Macduff, for permission to serve at the same time as a director of The Florida National Bank of Jacksonville, Jacksonville, Florida, and as a director and officer of The Title and Trust Company of Florida, Jacksonville, Florida.

Mr. George J. Avent, for permission to serve at the same time as a director and officer of The Florida National Bank of Jacksonville, Jacksonville, Florida, and as a director of the Jacksonville branch of the Federal Reserve Bank of Atlanta, Jacksonville, Florida.

12/8/34

-29-

Letter dated December 7, 1934, approved by five members of the Board, to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the original and copies of the Clayton Act permits granted to Messrs. T. B. Townsend, Jr., C. B. Akard, N. J. Darrow and N. B. Callaway, to serve at the same time as directors and/or officers of The First National Bank of Montrose, Montrose, Colorado, and The First National Bank of Olathe, Olathe, Colorado, for transmittal by you to the applicants and the banks involved, and copies for your files.

"In the consideration of these applications it was noted that the report of examination of The First National Bank of Montrose as of May 7, 1934, indicated that the certificates of stock of this bank carry with them a pro rata ownership in the stock of the Selig Investment Company, apparently in violation of Section 5139 of the United States Revised Statutes, as amended. In your letter of October 16, 1934, relative to this matter you stated that you had been advised by The First National Bank of Montrose that steps were being taken to effect a compliance with the statute and that upon receipt of definite information that the relationship between the bank and the Selig Investment Company had been terminated, you would advise the Board.

"Although this information has not as yet been received, the Board has approved the applications; however, you are requested to withhold delivery of the permits and copies until you have determined that compliance with the provisions of Section 5139 of the United States Revised Statutes, as amended, has been effected, whereupon you are authorized to release the permits to the applicants and copies thereof to the banks involved.

"Please advise the Board of the action taken in this matter and as to the disposition of the permits."

Approved.

The Clayton Act permits referred to in the above letter were as follows:

Mr. T. B. Townsend, Jr., for permission to serve at the same time as a director and officer of The First National Bank of Montrose, Montrose, Colorado, and as a director and officer of The First National Bank of Olathe, Olathe, Colorado.

Mr. C. B. Akard, for permission to serve at the same time as

12/8/34

-30-

a director and officer of The First National Bank of Montrose, Montrose, Colorado, and as a director and officer of The First National Bank of Olathe, Olathe, Colorado.

Mr. N. J. Darrow, for permission to serve at the same time as a director and officer of The First National Bank of Olathe, Olathe, Colorado, and as a director of The First National Bank of Montrose, Montrose, Colorado.

Mr. N. B. Callaway, for permission to serve at the same time as a director and officer of The First National Bank of Montrose, Montrose, Colorado, and as a director of The First National Bank of Olathe, Olathe, Colorado.

Letter dated December 7, 1934, approved by five members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, inclosing the following Clayton Act permit for transmittal to the applicant; suggesting that, when the permit is sent to the applicant, the agent advise him that it has been granted with the expectation that he will attend regularly the directors' meetings of the First National Bank in Conroe, Texas; and requesting that the agent review the permit not later than June 1, 1935, and that he report fully as to the applicant's attendance at directors' meetings when the agent submits his review and recommendation:

Mr. W. W. Woodson, for permission to serve at the same time as a director and officer of The First National Bank of Waco, Waco, Texas, and as a director of the First National Bank in Conroe, Conroe, Texas.

Approved.

Letters dated December 7, 1934, approved by five members of the Board, to applicants for permits under the Clayton Act, advising of approval of their applications as follows:

12/8/34

-31-

Mr. Ralph Earle, for permission to serve at the same time as a director and officer of the Finance Company of Pennsylvania, Philadelphia, Pennsylvania, and as a director of The Market Street National Bank of Philadelphia, Philadelphia, Pennsylvania.

Mr. Ralph W. Hollenbeck, for permission to serve at the same time as a director or The First National Bank and Trust Company of Springfield, Springfield, Ohio, and as a director and officer of The First Morris Plan Industrial Bank, Springfield, Ohio.

Mr. W. R. Chambers, for permission to serve at the same time as a director of The First National Bank of Marion, Marion, North Carolina, and as a director of the Marion Industrial Bank, Marion, North Carolina.

Mr. J. L. Morgan, for permission to serve at the same time as a director and officer of The First National Bank of Marion, Marion, North Carolina, and as a director and officer of the Marion Industrial Bank, Marion, North Carolina.

Mr. J. E. Neal, for permission to serve at the same time as a director and officer of The First National Bank of Marion, Marion, North Carolina, and as a director of the Marion Industrial Bank, Marion, North Carolina.

Mr. John Yancey, for permission to serve at the same time as a director of The First National Bank of Marion, Marion, North Carolina, and as a director and officer of the Marion Industrial Bank, Marion, North Carolina.

Mr. Julius C. Moser, for permission to serve at the same time as a director of the Floyd County Bank, New Albany, Indiana, and as a director and officer of The Union National Bank of New Albany, New Albany, Indiana.

Mr. Joseph Gerald Sellwood, for permission to serve at the same time as a director of The First National Bank of Ely, Ely, Minnesota, as a director of the Commercial State Bank, Two Harbors, Minnesota, and as a director of The City National Bank of Duluth, Duluth, Minnesota.

Mr. A. R. Woodson, for permission to serve at the same time as a director and officer of the First National Bank in Conroe, Conroe, Texas, as a director and officer of the Guaranty Bond State Bank, Tomball, Texas, and as a director and officer of the Citizens State Bank, Hempstead, Texas.

Approved.

12/8/34

-32-

Thereupon the meeting adjourned.

Mr. Tolson, Chairman
 Mr. Tamm, Vice Chairman
 Mr. Clegg
 Mr. Glavin
 Mr. Ladd
 Mr. Nichols
 Mr. Rosen
 Mr. Tracy
 Mr. Carson
 Mr. Egan
 Mr. Gurnea
 Mr. Hendon
 Mr. Pennington
 Mr. Quinn
 Mr. Nease
 Mr. Gandy

Edw. J. Connelley
 Secretary.

Approved:

W. C. Clegg
 Governor.