

A meeting of the Federal Reserve Board was held in Washington on Monday, December 24, 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:

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

"This refers to the Board's previous correspondence with you in regard to the question whether Mr. Curtis L. Mosher, formerly Assistant Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, may be granted an allowance or benefit under the provisions of the retirement system of the Federal Reserve Banks.

"This matter has recently been the subject of further consideration by the Federal Reserve Board and the Board requested its counsel to consider the question of Mr. Mosher's eligibility for retirement benefits under the provisions of the rules and regulations of the retirement system. Counsel has advised the Board that in his opinion Mr. Mosher is not entitled to any of the normal benefits of the retirement plan but that, under a liberal interpretation of the authority contained in section 9 of the rules and regulations, the Board of Trustees has the power, if it so desires, to grant a retirement benefit or allowance to Mr. Mosher if the Federal Reserve Bank, after having first obtained the approval of the Federal Reserve Board, shall pay the full cost of any such allowance or benefit. The applicable provision of section 9 of the rules and regulations of the retirement system is as follows:

"Anything herein contained to the contrary notwithstanding, the Board of Trustees shall have the power to grant a retirement allowance to any employee retired by any Employing Bank or to grant a special additional benefit provided that the Employing Bank after first having obtained the approval of the Federal Reserve Board shall pay to the Retirement System the amount required to cover the full cost of any such allowance or benefit.'

12/24/34

-2-

"It will be observed that the full cost of any allowance or benefit granted under this provision must be paid by the Employing Bank. In the circumstances the Federal Reserve Board feels that the question whether any action under this provision of the rules and regulations should be initiated with respect to Mr. Mosher's case is one which should be determined by the Federal Reserve Bank of Minneapolis. If after reviewing all of the circumstances in Mr. Mosher's case it is the view of the Federal Reserve Bank that the grant of an allowance or benefit to him under the conditions of section 9 of the rules and regulations is justified, it would be in order for the Bank to take appropriate steps to place the matter with its recommendation before the Board of Trustees of the Retirement System for consideration and to request the approval of the Federal Reserve Board of the payment of the full cost of such allowance or benefit as may be suggested.

"In advising you as above, however, the Federal Reserve Board desires to make it clear that it has not formulated an opinion as to whether Mr. Mosher should or should not be granted an allowance or benefit or as to what action the Board would take if its approval of the payment of the cost thereof should be requested. As indicated, the Board feels that any suggestion with respect to action in this matter should emanate from the Federal Reserve Bank if, after consideration, the Bank should reach the conclusion that an allowance or benefit is warranted by the circumstances."

Approved.

Telegram to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, stating that, subject to the conditions prescribed in the telegram, the Board approves the application of the "Norfolk County Trust Company", Brookline, Massachusetts, for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Boston, effective if and when the Commissioner of Banks of the Commonwealth of Massachusetts has authorized such bank to commence business.

Approved, together with a letter to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"There is transmitted herewith for your consideration an

12/24/34

-3-

"application on behalf of the 'Norfolk County Trust Company', Brookline, Massachusetts, for permission to establish and operate branches at Canton, Dedham, Needham, Needham Heights, Quincy and Stoughton, all located in Norfolk County, Massachusetts.

"The Norfolk County Trust Company is in process of organization pursuant to a plan which is designed to consolidate into one institution the following four State member and two national banks, which banks are affiliated through the common ownership of control by the Old Colony Trust Associates, Boston, Massachusetts.

	<u>Total Resources</u>
Boulevard Trust Company of Brookline, Brookline, Massachusetts	\$ 5,333,000
Canton Trust Company, Canton, Massachusetts	1,164,000
The Dedham National Bank, Dedham, Massachusetts	2,314,000
Needham Trust Company, Needham, Massachusetts	2,540,000
The National Mount Wollaston Bank of Quincy, Quincy, Massachusetts	3,976,000
Stoughton Trust Company, Stoughton, Massachusetts	2,047,000
	<u>\$17,374,000</u>

"The Norfolk County Trust Company will be located at Brookline and will succeed to the operations of the Boulevard Trust Company of Brookline. The proposed branches to be operated by the Norfolk County Trust Company are to be located in the offices now occupied by the other five banks, with an additional branch to be established at Needham Heights, where since 1914 the Needham Trust Company has been operating a receiving station to serve a small community centered around a knitting mill located at that place.

"It is proposed that the new trust company will acquire substantially all the assets and assume all the liabilities, except liabilities to stockholders, of the six banks involved, and that the shareholders of each of the present banks will hold that portion of the shares of stock of the new institution which the net sound capital of each such constituent bank bears to the aggregate net sound capital of the six banks.

"The Commissioner of Banks for the Commonwealth of Massachusetts has indicated that he will approve the establishment

12/24/34

-4-

4019

"and operation of the branches above specified, and the Federal Reserve Agent has recommended that permission be granted for the establishment and operation of such branches. The Federal Reserve Board has approved the application of the Norfolk County Trust Company for membership in the System subject to a condition, among others, that prior to admission to membership it shall have received your approval for the establishment and maintenance of the proposed branches at Canton, Dedham, Needham, Needham Heights, Quincy and Stoughton and it is recommended that you approve the establishment of such branches on the condition that the establishment and operation of the branches shall be approved by appropriate State authorities.

"The attached file includes a letter dated December 14, 1934, with inclosures, from Mr. Curtiss, Federal Reserve Agent at Boston, recent reports of examination of the six banks involved and a copy of the memorandum prepared by the Board's Division of Examinations in connection with the application for membership. It will be appreciated if you will return this file when it has served your purpose and when you advise the Board of your action on the application."

In connection with the above, there was presented a telegram to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, authorizing him to issue a limited voting permit to "Old Colony Trust Associates", Boston, Massachusetts, entitling such organization to vote the stock which it owns or controls in the following banks:

"Boulevard Trust Company of Brookline", Brookline, Massachusetts
"Canton Trust Company", Canton, Massachusetts
"The Dedham National Bank", Dedham, Massachusetts
"Needham Trust Company", Needham, Massachusetts
"The National Mount Wollaston Bank of Quincy", Quincy, Massachusetts
"Stoughton Trust Company", Stoughton, Massachusetts

for the following purposes:

"(1) To effect the consolidation of the assets of such banks in a single banking institution to be known as the 'Norfolk County Trust Company' substantially in the manner proposed in Articles I to III inclusive of a certain plan dated November 20, 1934 and heretofore submitted to the Federal Reserve Board.

"(2) After such consolidation to complete the liquidation and effect the dissolution of such banks."

Approved.

12/24/34

-5-

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Earlville', Earlville, New York, from \$50,000 to \$25,000, in accordance with the plan which provides that the released capital together with the bank's surplus, undivided profits and reserves, shall be used in eliminating losses and depreciation in securities in the lower grades, all as set forth in your memorandum of December 17, 1934.

"It is understood that the bank's capital has recently been increased through the sale of \$100,000 of preferred stock to the Reconstruction Finance Corporation, and/or others, and that the plan of capital reduction does not provide for the sale of any additional preferred stock.

"In considering the plan under which the reduction of common capital is to be effected, it has been noted that there will remain unprovided for, a substantial amount of securities depreciation, which, if considered as a loss, will impair the bank's capital. It is assumed, however, that you have this condition in mind and that whenever it is feasible to do so, you will require such further corrections as may be practicable."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Yoakum National Bank', Yoakum, Texas, from \$100,000 to \$50,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$50,000 of preferred stock to the Reconstruction Finance Corporation, and that the released capital shall be used to eliminate or reduce a corresponding amount of undesirable assets, all as set forth in your letter of December 15, 1934."

Approved.

Telegram to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the

12/24/34

-6-

"Rhode Island Hospital Trust Company", Providence, Rhode Island, entitling such organization to vote the stock which it owns or controls in the "Rhode Island Hospital National Bank of Providence", Providence, Rhode Island, for the purposes set forth in the telegram.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the "First National of Elmira Corporation", Elmira, New York, entitling such organization to vote, for the purposes set forth in the telegram, the stock which it owns or controls in the following banks:

"The Citizens National Bank of Waverly", Waverly, New York
 "The First National Bank of Horseheads", Horseheads, New York
 "Watkins State Bank", Watkins Glen, New York.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the "Marine Midland Corporation", Jersey City, New Jersey, entitling such organization to vote, for the purposes set forth in the telegram, the stock which it owns or controls in the following banks:

"Marine Midland Trust Company of Binghamton", Binghamton,
 New York
 "The Marine Trust Company of Buffalo", Buffalo, New York
 "The Bank of East Aurora", East Aurora, New York
 "Union Trust Company of Endicott", Endicott, New York
 "Workers Trust Company", Johnson City, New York
 "Niagara County National Bank & Trust Company", Lockport,
 New York
 "The Peoples Trust Company of Malone", Malone, New York
 "The Marine Midland Trust Company of New York", New York,
 New York

12/24/34

-7-

"Power City Trust Company", Niagara Falls, New York
 "First and Second National Bank and Trust Company of Oswego",
 Oswego, New York
 "The Northern New York Trust Company", Watertown, New York
 "The Manufacturers National Bank of Troy", Troy, New York.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the "President and Directors of the Manhattan Company", New York, New York, entitling such organization to vote the stock which it owns or controls in "The County Trust Company", White Plains, New York, for the purposes set forth in the telegram.

Approved.

Telegram to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the "Realty and Security Co.", Passaic, New Jersey, entitling such organization to vote the stock which it owns or controls in the "People's Bank and Trust Company", Passaic, New Jersey, for the purposes set forth in the telegram.

Approved.

Telegram to Mr. Fletcher, Acting Federal Reserve Agent at the Federal Reserve Bank of Cleveland, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the "Woodlawn Trust Company", Aliquippa, Pennsylvania, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Aliquippa", Aliquippa, Pennsyl-

12/24/34

-8-

vania, for the purposes set forth in the telegram. The telegram stated also that, in view of the applicant's large volume of investments in bank premises, other real estate, potential other real estate, assets classified as doubtful, and non-income producing loans, discounts, bonds and securities, it appears desirable that its capital structure be strengthened.

Approved.

Two telegrams to Mr. Newton, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, authorizing him, subject to the conditions prescribed in the respective telegrams, to issue limited voting permits to the "Trust Company of Georgia" and the "Trust Company of Georgia Associates", both of Atlanta, Georgia, entitling such organizations to vote, for the purposes set forth in the telegrams, the stock which they own or control in the following banks:

- "The National Exchange Bank of Augusta", Augusta, Georgia
- "The Fourth National Bank of Columbus", Columbus, Georgia
- "The First National Bank & Trust Company in Macon", Macon, Georgia
- "The First National Bank of Rome", Rome, Georgia
- "The Liberty National Bank & Trust Company of Savannah", Savannah, Georgia.

Approved.

Two telegrams to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, authorizing him, subject to the conditions prescribed in the respective telegrams, to issue limited voting permits to "The First National Bank of Chicago" and the "First-Chicago Corporation", both of Chicago, Illinois, entitling such organizations to vote the stock which they own or control in the "Uptown State Bank", Chicago, Illinois, for the purposes set

12/24/34

-9-

forth in the telegrams.

Approved.

Two telegrams to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, authorizing him, subject to the conditions prescribed in the respective telegrams, to issue limited voting permits to "The First National Bank of St. Joseph" and "The First Trust Company", both of St. Joseph, Missouri, entitling such organizations to vote the stock which they own or control in the "First St. Joseph Stock Yards Bank", South St. Joseph, Missouri, for the purposes set forth in the telegrams.

Approved.

Telegram to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, authorizing him, subject to the conditions prescribed in the telegram, to issue a limited voting permit to the "Marine Bancorporation", Seattle, Washington, entitling such organization to vote, for the purposes set forth in the telegram, the stock which it owns or controls in the following banks:

- "The National Bank of Commerce of Seattle", Seattle, Washington
- "The First National Bank of Mount Vernon", Mount Vernon, Washington
- "The First National Bank of Cosmopolis", Cosmopolis, Washington.

Approved.

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

"This refers to your letters of October 12 and October 30, 1934, with regard to the shortages alleged to have been committed by Mr. Irving A. Wilfore, former resident repre-

12/24/34

-10-

4025

"sentative at St. Petersburg, Florida, of the Morris Plan Company of Orlando, Orlando, Florida.

"The Morris Plan Company of Orlando is not a member of the Federal Reserve System and it has been noted that the shortages in question were discovered in the course of an examination of that institution, made as of September 27, 1934, by examiners for the Federal Reserve Bank of Atlanta, under the provisions of section 21 of the Banking Act of 1933. It has been observed that, in accordance with the Board's letter of October 19, 1934 (X-8086), you have reported this matter to the State Attorney at Clearwater, Florida, and the Board is filing it without further action."

Approved.

Letter dated December 22, 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 December 12, 1934 and inclosures, relating to the request of Mr. John L. Simpson for a ruling as to the applicability of section 32 of the Banking Act of 1933 to his service as director and officer of J. Henry Schroder Trust Company and as director of United States Electric Power Corporation. It is noted that you and your counsel feel that the provisions of section 32 are not applicable to the relationships in question.

"It appears from the information submitted that United States Electric Power Corporation is an investment corporation, and that over 99% of the securities in its portfolio as of December 31, 1933, had been held for 24 months and over. Purchases and sales of securities by the corporation amounted to the following percentages of its total assets for the following years:

<u>Year</u>	<u>Purchases</u>	<u>Sales</u>
1929	98.19	.19
1930	21.66	4.77
1931	.04	1.77
1932	.02	.28
1933	.0	.517
Average for five years	27.9	1.7

"In this connection, it is noted that the corporation was organized in 1929 and that purchases for that year represent largely initial investment of its funds.

12/24/34

-11-

"It further appears that the corporation has participated in certain transactions involving the underwriting of securities, such underwritings having been confined to new issues of companies of the Standard Gas and Electric system in which United States Electric Power Corporation owns a controlling interest. However, the corporation participated in no underwriting during the year 1933 and the chairman of the corporation states that it is not likely that it will participate in such transactions in the immediate future. Moreover, the corporation's profits from underwriting constituted only the following percentages of its gross profits for the years indicated:

1929	--
1930	2.4%
1931	4.6%
1932	1.4%
1933	--

"It appears that no shares or other securities of the corporation are being sold or distributed at the present time and that no such shares or other securities have been sold or issued during the past three years.

"On the basis of the information which has been submitted, the Board is of the opinion that section 32 of the Banking Act of 1933 is not applicable to Mr. Simpson's service as director and officer of J. Henry Schroder Trust Company and as director of United States Electric Power Corporation."

Approved.

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

"Reference is made to the Clayton Act permit granted on August 30, 1934, to Mr. Thomas P. Littlepage, Union Trust Building, Washington, D. C., to serve at the same time as director and officer of Liberty National Bank of Washington, Washington, D. C., and Bank of Bowie, Bowie, Maryland, and to Assistant Federal Reserve Agent Fry's letter of November 27, 1934, submitting the review which your office has made of this permit in accordance with the request contained in the Board's letter of August 30, 1934, transmitting to you a copy of the permit granted to Mr. Littlepage.

"It appears that there has been little change in the condition of the applicant's financial affairs and his indebtedness to the banks involved since the granting of the permit. However, in view of the limited time which has elapsed since the permit was granted and in accordance with the recommendation of Assistant Federal Reserve Agent Fry, in his letter of

12/24/34

-12-

4027

"November 27, 1934, the Board is willing at this time to allow the permit granted to Mr. Littlepage on August 30, 1934, to continue in effect. The Board requests that you review this case again not later than July 1, 1935, in the light of current information as to Mr. Littlepage's financial affairs and his indebtedness to both banks and report fully thereon, submitting at that time your recommendation as to the advisability of giving consideration to the revocation of the permit."

Approved.

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

"The Board has reconsidered the application of Mr. R. M. Barnes, Lacon, Illinois, for permission under the provisions of the Clayton Act to serve at the same time as director and officer of Lacon State Bank, as director of The First National Bank of Lacon, both of Lacon, Illinois, and as director and officer of The Citizens National Bank of Toluca, Toluca, Illinois; and the application of Mrs. Hattie M. Barnes, Lacon, Illinois, for permission to serve at the same time as director of The First National Bank of Lacon and Lacon State Bank, Lacon, Illinois. Upon the basis of the information before it, including that submitted with Assistant Federal Reserve Agent Young's letters of November 13, 1934, the Board concurs in your opinion that the granting of the permits applied for would be incompatible with the public interest as indicated in its letters of September 25, 1934, to you. You are requested to advise the applicants accordingly.

"Please ascertain and advise the Board as to what steps the applicants propose to take in order to comply with the provisions of the Clayton Act."

Approved.

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

Mr. Howard W. Maxwell, for permission to serve at the same time as a director and officer of The First National Bank of Glen Cove, Glen Cove, New York, as a trustee of The New York Trust Company, New York, New York, and as a trustee of the Brooklyn Trust Company, Brooklyn, New York.

Mr. H. C. Custard, for permission to serve at the same time as a director and officer of the Cleburne National Bank, Cleburne, Texas, and as a director of The First National Bank of Alto, Alto, Texas.

12/24/34

Mr. W. P. Hobby, for permission to serve at the same time as a director and officer of the Cleburne National Bank, Cleburne, Texas, and as a director and officer of The First National Bank of Alto, Alto, Texas.

Approved.

Thereupon the meeting adjourned.

Robert Morice
Secretary.

Approved:

W. P. Hobby
Governor.