A meeting of the Federal Reserve Board was held in Washington on Monday, January 7, 1935, 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:

Telegraphic reply to a telegram dated January 7, 1935, from Mr. Bailey, Assistant Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, stating that the board of directors of the bank, at its meeting today, voted to establish a rediscount rate of 2 1/2% on rediscounts of eligible paper for member banks and advances to member banks under the provisions of Sections 13 and 13(a) of the Federal Reserve Act, effective the first business day following that on which approved by the Federal Reserve Board. The reply stated that the Board approved for the Federal Reserve Bank of Minneapolis a rediscount rate of 2 1/2%, effective January 8, 1935.

Approved.

Telegraphic reply to a telegram dated January 7, 1935, from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, stating that the board of directors of the bank, at its meeting today, voted to establish a rediscount rate of 2 1/2% on rediscounts of eligible paper for member banks and advances to member banks...
under the provisions of Sections 13 and 13(a) of the Federal Reserve Act, as amended, effective the first business day following that on which approved by the Federal Reserve Board. The reply stated that the Board approved for the Federal Reserve Bank of Dallas a rediscount rate of 2 1/2%, effective January 8, 1935.

Approved.

Memorandum dated January 2, 1935, from Mr. Smead, Chief of the Division of Bank Operations, stating that Mrs. Flora S. Devereux, statistical clerk in the division, had been absent from duty on account of illness since November 24, 1934; that it is understood that she recently underwent a major surgical operation, and in all probability will not be able to return to duty before the end of January; and that it is recommended that she be granted sick leave with full pay from November 24, 1934, to January 31, 1935, inclusive.

Approved.

Memorandum dated January 2, 1935, from Mr. Smead, Chief of the Division of Bank Operations, stating that Mr. William N. Baldwin, clerk in the division, had been absent from duty since November 23, 1934, on account of illness and is now recuperating from a surgical operation; that he will probably be able to return to duty on January 8, 1935; and that it is recommended that Mr. Baldwin be granted sick leave with full pay from November 23, 1934, to January 6, 1935, inclusive.

Approved.
Letter to "Liberty Bank and Trust Company", Louisville, Kentucky, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you authority, effective if and when the Liberty Bank and Trust Company, Louisville, Kentucky, is converted into a national banking association and is authorized by the Comptroller of the Currency to commence business as the 'Liberty National Bank and Trust Company of Louisville', to act, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Kentucky, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board.

"After the conversion of the Liberty Bank and Trust Company into the Liberty National Bank and Trust Company of Louisville becomes effective and the Comptroller of the Currency authorizes the national bank to commence business, the board of directors of the latter bank should adopt a resolution ratifying the action taken on its behalf by your bank in making application for permission to exercise trust powers, and it is requested that a certified copy of the resolution so adopted be sent to the Federal Reserve Agent at the Federal Reserve Bank of St. Louis, who will forward it to the Federal Reserve Board for its records. When a copy of such resolution has been received by the Board, a formal certificate covering your authority to exercise trust powers will be sent to you."

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 First National Bank of Brownstown', Brownstown, Indiana, from $60,000 to $40,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of $10,000 of preferred stock to the Reconstruction Finance Corporation, and that the released capital shall be
"used to eliminate losses and other substandard assets, all as set forth in your memorandum of December 29, 1934."

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 First-Hardin National Bank of Elizabethtown', Elizabethtown, Kentucky, from $150,000 to $100,000, pursuant to a plan which provides that the bank's capital shall be increased by $45,000 of preferred stock to be sold to the Reconstruction Finance Corporation, and that the released capital shall be used to eliminate a corresponding amount of substandard assets, all as set forth in your memorandum of December 29, 1934."

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 First National Bank of Baird', Baird, Texas, from $50,000 to $25,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of $25,000 of preferred stock to the Reconstruction Finance Corporation, and that the released capital, together with $10,000 from the bank's surplus fund, shall be used in eliminating or reducing undesirable assets, all as set forth in your letter of December 29, 1934."

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 national bank into which the Liberty Bank and Trust Company, Louisville, Kentucky, is to be converted, from $1,000,000 to $250,000, such reduction to be effected as soon
"as possible after the conversion is effected, pursuant to a plan which provides that the converted institution's capital shall be increased by the sale of $500,000 Class 'A' preferred stock to the Reconstruction Finance Corporation and $250,000 Class 'B' preferred stock to local interests, and that the released capital shall be applied to the elimination of losses and substandard assets, all as set forth in your memorandum of December 26, 1934."

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 First National Bank of Selby', Selby, South Dakota, from $30,000 to $15,000, pursuant to a plan which provides that the released capital shall be used in eliminating or reducing unsatisfactory assets, all as set forth in your memorandum of December 26, 1934.

"It is noted that the bank's capital was increased on December 12, 1934, through the sale of $35,000 of preferred stock to the Reconstruction Finance Corporation and others and that the proposed plan of recapitalization does not contemplate a further increase in the bank's capital at the present time."

Approved.

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

"Reference voting permit application 'Bank of Nutley'. In view of circumstances involved, the Board's ANCIGAR telegram of December 31, 1934, is hereby amended to substitute for the word 'ANCILBAT' in subdivision (1) following the letter (C) the following: 'Prior to the issuance of the limited voting permit authorized herein applicant shall agree as follows: That prior to or simultaneously with the absorption of "The Franklin National Bank of Nutley" by Bank of Nutley, but in any event not later than April 1, 1935, the undersigned shall cause The Franklin National Bank of Nutley to charge off or otherwise eliminate (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 report of examination made by a national bank examiner."

Approved.

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

"Reference Gidney's telegram January 4 relative 'Montclair Trust Company'. In view of the circumstances involved, you are authorized to except 'The First National Bank of Cedar Grove' from the requirements made in subdivision (2) following the letter (C) in the Board's ANCIGAR telegram of December 22, 1934, provided that prior to the issuance of the limited voting permit authorized therein applicant shall agree as follows: That the undersigned will cause The First National Bank of Cedar Grove, Cedar Grove, New Jersey, at the earliest date which shall be deemed practicable in the judgment of the Federal Reserve Agent at the Federal Reserve Bank of New York, and, in any event, not later than April 1, 1935, to charge off or otherwise eliminate, if such subsidiary bank has not already done so, (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 report of examination by a national bank examiner."

Approved.

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

"Rebel January 4. Board's ANCIGAR telegram dated December 22, 1934, re The First and Merchants National Bank of Middletown, Middletown, Ohio is hereby amended by adding to section D of said telegram immediately after the word ANCILCO the following words: At any time prior to April 30, 1935, to authorize a reduction in capital stock, change in number of shares of stock, or change in the par value of shares of
"stock of such bank, and to make such amendments to the charter and/or by-laws of such bank as shall be necessary for such purposes; provided (1) that all such action shall be in accordance with a plan approved by the appropriate supervisory authorities and satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Cleveland; (2) that the reduction in capital stock of the bank shall be in accordance with the laws of Ohio applicable thereto; (3) that the funds released by the reduction of capital stock shall be used to charge off or otherwise eliminate estimated losses and/or depreciation in assets."

Approved.

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

"Reference voting permit application 'Hamilton National Associates, Incorporated'. In view of circumstances involved you are authorized to except 'Hardwick Bank & Trust Company', Dalton, Georgia, 'The Hamilton National Bank of Johnson City', Johnson City, Tennessee, and 'The Hamblen National Bank of Morristown', Morristown, Tennessee, from full compliance with the requirement relative to charging off or otherwise eliminating all estimated losses and depreciation in lower grade securities, which was contained in the Board's ANCIGAR telegram of December 22, 1934; provided that prior to the issuance of the limited voting permit authorized therein, you shall satisfy yourself (1) that Hardwick Bank & Trust Company has charged off or otherwise eliminated (a) all losses in loans and discounts, except the estimated loss of $10,000 in bank building (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, except the loss in bank building mentioned above; as shown by the report of examination of such bank made as of April 5, 1934, by an examiner for the Federal Reserve Bank of Atlanta; (2) that The Hamilton National Bank of Johnson City has charged off or otherwise eliminated the maximum amount of (a) estimated losses in loans and discounts (b) depreciation in stocks and defaulted securities (c) 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) other losses, as shown by the latest
"available report of examination of such bank by a national bank examiner, as in your judgment shall be practicable in view of the total available capital structure of such subsidiary bank; and provided further that prior to the issuance of the limited voting permit authorized therein, applicant shall agree as follows: First. That the undersigned will cause The Hamilton National Bank of Johnson City to charge off or otherwise eliminate (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 report of examination of such bank by a national bank examiner, at the earliest date practicable in the judgment of the Federal Reserve Agent at the Federal Reserve Bank of Atlanta, and in any event not later than October 1, 1935, through realization on the right of stock assessment against the shareholders of the Tennessee National Bank of Johnson City or on the guaranty of Hamilton National Associates, Incorporated, donations, or otherwise; Second. That the undersigned will cause The Hamblen National Bank of Morristown to charge off or otherwise eliminate (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 report of examination of such bank by a national bank examiner, prior to or simultaneously with the rehabilitation of the capital structure of such bank through the sale of preferred stock and reduction in capital stock, and in any event not later than April 1, 1935."

Approved.

Telegram to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, authorizing him to issue a limited voting permit to "The Holding Company", Salt Lake City, Utah, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Park City", Park City, Utah, for the purposes set forth in the telegram. The
telegram also requested Mr. Sargent to call to the attention of the applicant and its subsidiary bank that if the Silver King Coalition Mines Company controls the applicant through the right to vote pledged stock or otherwise, the mining company may also be a holding company affiliate of the bank and therefore required to obtain a voting permit in order that bank's stock may be validly voted.

Approved.

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

"Board's AMCIGAR telegram dated December 11, 1934, regarding Corporation of the President of the Church of Jesus Christ of Latter-Day Saints is hereby amended by striking therefrom all words contained in section C(2) thereof. Copy of letter to applicant regarding this matter will be forwarded to you."

Approved, together with a telegram to Mr. Stephen L. Richards, Church of Jesus Christ of Latter-Day Saints, reading as follows:

"Referring your letter December twentieth. In view of agreement to permit examinations and to permit information to be furnished by appropriate supervisory authorities to the Board, heretofore executed by Corporation of the President on Form P-1, Board has today instructed office of Federal Reserve Agent at San Francisco to issue limited voting permit authorizing Corporation to vote stock of The Utah State National Bank of Salt Lake City and Utah Savings & Trust Company without obtaining Exhibits L and N at this time. Letter follows."

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

"Reference is made to your letter of December 19, 1934, concerning the Clayton Act permit granted on September 26, 1928, to Mr. Arthur T. Vanderbilt, Newark, New Jersey, which you have reviewed in accordance with the request made by the Board in its letter of November 2, 1934, transmitting to you
"the original and copies of the permit issued to Mr. Otto S. Martin, Montclair, New Jersey.

"It is noted from your letter of December 19, 1934, that, although you are of the opinion that Mr. Vanderbilt's Clayton Act permit should be revoked, you believe that, in view of the services which he is contributing toward the rehabilitation of the capital structure of Savings Investment and Trust Company, East Orange, New Jersey, it would be desirable to allow his permit to continue in effect until the completion of the proposed capital rehabilitation of that bank; and that, if it meets with the approval of the Board, you will submit further advice in the matter of revoking Mr. Vanderbilt's permit upon the completion of the proposed rehabilitation program of Savings Investment and Trust Company.

"The suggested procedure outlined in your letter is agreeable to the Board; however, should there be any undue delay in the completion of the rehabilitation program of Savings Investment and Trust Company it is suggested that you keep the Board advised."

Approved.

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

"The Board has reconsidered the application of Mr. Harold P. Harrower, Amsterdam, New York, for permission under the provisions of the Clayton Act to serve at the same time as director of The Amsterdam City National Bank and The Farmers National Bank of Amsterdam, both of Amsterdam, New York, and, on the basis of the information before it, including that submitted with your letter of December 5, 1934, still feels that the issuance of the permit applied for would be incompatible with the public interest as indicated in its letter of October 19, 1934, to you. You are requested to advise Mr. Harrower accordingly and to ascertain and advise the Board as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

"The Board has received and noted your advice that Mr. L. E. Harrower, father of the applicant, who was granted a permit on April 25, 1929, to serve the two banks involved in the application of Mr. Harold P. Harrower, is now deceased."

Approved.

Letter to Mr. O'Connor, Comptroller of the Currency, reading as follows:
"Reference is made to Deputy Comptroller Lyons' memorandum to the Board, dated December 21, 1934, with reference to the Clayton Act permits granted to Messrs. J. J. De Lay and A. R. Olson to serve as directors and officers of The DeLay National Bank of Norfolk, Norfolk, Nebraska, which is located in Federal Reserve District No. 10, and The First National Bank of Beresford, Beresford, South Dakota, which is located in Federal Reserve District No. 9.

"The latest reports of examination of the banks involved have been reviewed and the examiner's remarks to which reference was made have been noted. The Federal Reserve Agents at Kansas City and Minneapolis have been requested to submit their recommendations with respect to revocation of the permits granted to Messrs. De Lay and Olson on the basis of the examiner's criticisms and any other information they may find it desirable and possible to obtain.

"Your action in calling the matter to the Board's attention is appreciated and you will be advised of its final disposition."

Approved.

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

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<th>Applications for ADDITIONAL Stock:</th>
<th>Shares</th>
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<tr>
<td><strong>District No. 4.</strong></td>
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<tr>
<td>The Union Trust Company of Pittsburgh, Pittsburgh, Pennsylvania</td>
<td>1,500</td>
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<td>First National Bank in Crestline, Crestline, Ohio</td>
<td>10</td>
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<td>The Citizens National Bank of Corry, Corry, Pennsylvania</td>
<td>21</td>
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<td>The Mellon National Bank of Pittsburgh, Pittsburgh, Pennsylvania</td>
<td>900 2,431</td>
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<td><strong>District No. 6.</strong></td>
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<td>The Florida National Bank at Bartow, Bartow, Florida</td>
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<tr>
<td>The Florida National Bank at Lakeland, Lakeland, Florida</td>
<td>15 30</td>
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<tr>
<td><strong>District No. 12.</strong></td>
<td></td>
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<tr>
<td>The Washington Trust Company, Spokane, Washington</td>
<td>60 60</td>
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<tr>
<td><strong>Total</strong></td>
<td>2,521</td>
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Applications for SURRENDER of Stock:

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<th>Location</th>
<th>Shares</th>
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<td>District No. 4.</td>
<td>The Minerva Banking Company</td>
<td>Minerva, Ohio</td>
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<td>District No. 4.</td>
<td>The First National Bank of New Bremen</td>
<td>New Bremen, Ohio</td>
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<td>District No. 5.</td>
<td>National Bank of Suffolk</td>
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<td>District No. 8.</td>
<td>The First National Bank of Staunton</td>
<td>Staunton, Illinois</td>
<td>60 81</td>
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<td>District No. 12.</td>
<td>The Northern California National Bank of Redding</td>
<td>Redding, California</td>
<td>33 93</td>
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</table>

Total 422

Approved.

Thereupon the meeting adjourned.

Approved:

[Signatures]

Secretary.

Governor.