

A meeting of the Federal Reserve Board was held in Washington on Thursday, January 17, 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:

Telegrams dated January 16, 1935, from Mr. Wood, Chairman of the Federal Reserve Bank of St. Louis, and January 17, 1935, from Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, both advising that, at meetings of the boards of directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

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

"Your letter fourteenth. Board approves temporary appointment as assistant examiners of the two men borrowed from National City Bank."

Approved.

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

"The Federal Reserve Board approves the recommendation contained in your letter of January 11 that your bank be authorized to continue, for an additional period of not to exceed six

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"months, the temporary assignment of Miss Mae Murray, Reconciling Clerk, G5, \$1600-2100, in the Accounting Department, to the Maintenance Division, Building Operating Department, at her present salary of \$1860 per annum which is \$60 in excess of the maximum salary provided for the position of Junior Clerk to which she is temporarily assigned."

Approved.

Memorandum dated January 16, 1935, from Mr. Morrill, Secretary, stating that advice has been received of the appointment by the boards of directors of the various Federal reserve banks of the following directors at the respective branches, each for a term of three years beginning January 1, 1935, unless otherwise shown:

Name	Address	Branch
Edward B. Vreeland	Salamanca, N. Y.	Buffalo
*W. H. Courtney	Lexington, Kentucky	Cincinnati
*Arthur E. Braun	Pittsburgh, Pennsylvania	Pittsburgh
*L. B. Phillips	Cambridge, Maryland	Baltimore
*W. H. Wood	Charlotte, North Carolina	Charlotte
*J. G. Farley	Birmingham, Alabama	Birmingham
*G. G. Ware	Leesburg, Florida	Jacksonville
*F. J. Harle	Cleveland, Tennessee	Nashville
*R. S. Hecht	New Orleans, Louisiana	New Orleans
James Inglis	Detroit, Michigan	Detroit
*Jo Nichol	Pine Bluff, Arkansas	Little Rock
*A. H. Eckles	Hopkinsville, Kentucky	Louisville
*J. W. Alderson	Forrest City, Arkansas	Memphis
*A. R. McDermott	Billings, Montana	Helena
*A. H. Marble	Cheyenne, Wyoming	Omaha
*H. W. Farr	Greeley, Colorado	Denver
*Ned Holman	Oklahoma City, Oklahoma	Oklahoma City
*C. N. Bassett	El Paso, Texas	El Paso
*J. A. Wilkins	Houston, Texas	Houston
*W. P. Napier	San Antonio, Texas	San Antonio
*Victor H. Rossetti	Los Angeles, California	Los Angeles
*R. S. Smith	Eugene, Oregon	Portland
*E. O. Howard	Salt Lake City, Utah	Salt Lake City
*M. F. Backus	Seattle, Washington	Seattle
*R. M. Hardy	Yakima, Washington	Spokane

*Reappointment
#Two-year term

Noted.

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

"Refer your letter January 12, 1935. Board extends to February 13, 1935 the time within which 'First Trust Company of Philadelphia', Pennsylvania, may accomplish its membership and within which 'The First National Bank of Philadelphia', Pennsylvania, its holding company affiliate, may obtain a voting permit. Please advise banks accordingly."

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 Merchants National Bank of Salem', Salem, Massachusetts, from \$200,000 to \$100,000, pursuant to a plan which provides that the released capital shall be used in eliminating or reducing the least desirable assets in the bank, including all of the net depreciation in group II bonds, all as set forth in your memorandum of January 3, 1935."

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 'Glen Rock National Bank', Glen Rock, New Jersey, from \$100,000 to \$10,000, pursuant to a plan which provides that the bank's capital shall be increased by \$65,000 of preferred stock to be sold to the Reconstruction Finance Corporation and/or others, and that the released capital shall be used to eliminate a corresponding amount of the least desirable assets in the bank, all as set forth in your memorandum of January 8, 1935."

"In considering the plan under which the reduction in common capital is to be effected it has been noted that your examiner severely criticises the bank's management, which he regards as unsafe and incapable. It is understood, however, that this matter is receiving the attention of your office."

Approved.

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

"ANCIGAR telegrams of December 22, 1934, authorizing the issuance of limited voting permits to 'Shawmut Association' and 'The National Shawmut Bank of Boston' are both amended by eliminating the following words from the conditions specified by the code word ANCILBAT: '(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'. The telegram authorizing the issuance of a limited voting permit to The National Shawmut Bank of Boston is further amended by eliminating the above quoted words from condition numbered (1) following the letter (c) in said telegram. In view of the circumstances involved you are authorized to except 'The Merchants National Bank of Salem, Salem, Massachusetts, and Hingham Trust Company, Hingham, Massachusetts, from the conditions regarding charge-offs and eliminations specified by the code word ANCILBAT in said ANCIGAR telegrams, provided that prior to the issuance of the limited voting permits authorized therein the applicants shall cause each of such banks to take such steps as shall be requested by you in order to effect the maximum amount of corrections and/or eliminations of losses and/or depreciation in assets which in your judgment shall be practicable in view of the total available capital structure of each such subsidiary bank, and provided that each of the applicants shall agree as follows: That the undersigned will use its best efforts to cause The Merchants National Bank of Salem, Salem, Massachusetts, and Hingham Trust Company, Hingham, Massachusetts, at the earliest date which shall be deemed practicable in the judgment of the Federal Reserve Agent at the Federal Reserve Bank of Boston and, in any event, not later than June 30, 1935, to charge off or otherwise eliminate, (a) all losses in loans and discounts, (b) all depreciation in stocks and defaulted securities, and (c) all other losses; as shown by the latest available reports of examinations by the appropriate supervisory authorities. The Board understands from representatives of The National Shawmut Bank of Boston that such bank and the subsidiary banks of Shawmut Association will charge off or otherwise eliminate all depreciation in securities not of the four highest grades within a period of approximately six months. Such ANCIGAR telegrams are further amended by substituting for the code word ANCILCO following the letter (D) in each telegram the following: '(1) ANCILCO. (2) At any time prior to April 1, 1935, to authorize reduction in capital stock, change in

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"number of shares and/or change in par value of shares of stock of The Merchants National Bank of Salem, and to make such amendments to the articles of association and/or by-laws of such bank as shall be necessary for such purposes, provided that such action shall have been approved by the Comptroller of the Currency and the Federal Reserve Board, and shall be in substantial accordance with the plan set forth in the bank's letter to the Comptroller of the Currency dated December 28, 1934."

Approved.

Telegram to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, authorizing him to issue a limited voting permit to "Northwest Bancorporation", Minneapolis, Minnesota, entitling such organization to vote the stock which it owns or controls in "The First National Bank of Carson", Carson, North Dakota, for the purposes set forth in the telegram.

Approved.

Letter to the chairmen of the Industrial Advisory Committees, reading as follows:

"At the meeting of the Industrial Advisory Committee chairmen, held in Washington on December 18, 1934, reference was made to the pamphlet on industrial loans prepared by Mr. Creighton and distributed in the First Federal Reserve district, and you were advised that material for a pamphlet was being prepared by the Board which would be sent to you in the course of a few weeks.

"While it is felt that the pamphlet distributed in the First Federal Reserve district is admirable and has been of material help, it is thought that perhaps it might be desirable to lay somewhat more stress in the future on advances through member banks and other financing institutions. The material inclosed herewith has been drafted with that idea in mind. If you should decide to use the material in connection with a pamphlet or otherwise, it is assumed, of course, that you will obtain the approval of the Federal Reserve bank before releasing it for publication."

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Approved, together with a letter to the governors and chairmen of all Federal reserve banks inclosing a copy of the letter to the chairmen of the Industrial Advisory committees.

Letter to the First of Boston International Corporation of Boston, Boston, Massachusetts, reading as follows:

"You are advised that the cost of the examination of your Corporation, made by examiners of the Federal Reserve Board as of the close of business December 11, 1934, was \$311.31.

"You are requested to deposit this amount in the Federal Reserve Bank of Boston, with instructions to that bank to credit it to the Federal Reserve Bank of Richmond for the account of the Federal Reserve Board."

Approved, together with a letter to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"The Federal Reserve Board is today advising the First of Boston International Corporation of Boston, that the cost of the examination of the Corporation, made by examiners of the Federal Reserve Board as of the close of business December 11, 1934, was \$311.31, and is requesting that the bank deposit this amount in the Federal Reserve Bank of Boston, with instructions to you to credit it to the Federal Reserve Bank of Richmond for the account of the Federal Reserve Board.

"You are accordingly requested, upon receipt of this amount from the First of Boston International Corporation, to credit the Federal Reserve Bank of Richmond in your daily statement of credits through the Gold Settlement Fund for the account of the Federal Reserve Board, and advise the Federal Reserve Bank of Richmond by wire the amount and purpose of the credit."

Letter to Mr. S. W. Jensch, St. Paul, Minnesota, reading as follows:

"This refers to your letters of December 11 and 24, 1934, and January 12, 1935, making certain inquiries regarding national banks which are exercising trust powers. You have also requested a copy of the Board's form of application which was

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"used in 1919 and 1920 by national banks applying for trust powers, a certified copy of the Board's regulations which were in effect at that time covering the exercise of such powers, and a certified copy of the application for trust powers which was made by the Goodhue County National Bank of Red Wing, Red Wing, Minnesota.

"You have stated that you understand from the letter from this office dated October 15, 1934, that, in the absence of State legislation vesting a discretion in fiduciaries to invest trust funds held by them, all investments of the funds of assigned court trusts being administered by a national bank which is authorized to exercise fiduciary powers must be made under an order of court. In this connection, however, as indicated in that letter, a national bank acting in a court trust within the meaning of section IX(b) of the Board's Regulation F, is not, in the absence of a provision of State law on the subject, required by that section to make investments under an order of the court appointing it in that capacity, if the court itself by general order vests a discretion in the bank to invest trust funds.

"It appears that you desire to be advised as to the rights of a beneficiary of a trust being administered by a national bank which has authority to exercise fiduciary powers in the event of a violation by such bank of the Board's Regulation F covering the exercise of such powers. In a situation of this kind it is true that the Board's regulations would be involved but the question you have presented is one which would necessitate an expression of opinion as to the legal rights of private parties, that is, the beneficiary and the national bank you have in mind. In the circumstances, while the Board performs certain duties of a supervisory character with respect to member banks of the Federal Reserve System, it is not within the scope of its lawful functions to undertake to determine the rights of the parties in such a situation. Accordingly, it would not be possible for the Board to advise you as to the rights of the beneficiary in the premises.

"You have advised that you have been unable to find any express authority in section 11(k) of the Federal Reserve Act, as it is incorporated in section 248(k) of Title 12 of the United States Code Annotated, under which the Federal Reserve Board is empowered to prescribe regulations with respect to the exercise of trust powers by national banks. In this connection, you are advised that a provision authorizing the Board to promulgate such regulations as it may deem necessary to enforce compliance with the provisions of section 11(k) and the proper exercise of the powers granted therein is contained in section 248(k) of the 1934 Cumulative Annual Pocket

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"Part Supplement to Title 12 of the United States Code Annotated. This provision is also incorporated as the last sentence of section I in the copy of the Board's Regulation F which was sent to you with the letter from this office dated October 15, 1934. Moreover, you will note from the inclosed form of permit, which the Board issues to national banks in cases where they have been granted permission to exercise trust powers, that the exercise of the rights thus granted 'shall be subject to regulations prescribed by the Federal Reserve Board.'

"There is also inclosed, in accordance with your request, a photostat copy of the Board's form of application which was used by national banks in 1919 and 1920 in making application for permission to exercise trust powers, together with a certified photostat copy of the Board's regulations which were in effect during that time, covering the exercise of such powers. There will be no charge for these papers and photostat copies have been furnished for the reason that the Board's supply of original copies of such documents has become exhausted.

"As stated above, you have also requested a certified copy of the application for trust powers which was made by the Goodhue County National Bank of Red Wing, Red Wing, Minnesota. The Board regards the information contained in applications of this kind as being largely confidential in its character and it is not the Board's usual practice to furnish copies of such documents except to the applicants involved or to representatives thereof. In this connection, it is understood that you do not represent the Goodhue County National Bank of Red Wing, and, accordingly, a certified copy of the application for trust powers which was made by that bank is not being furnished."

Approved.

Letters to applicants for permits under the Clayton Act to serve as directors and/or officers of The National City Bank of New York, New York, New York, and various other banks, advising of approval of their applications as follows:

Mr. Gordon S. Rentschler, for permission to serve at the same time as a director and officer of The National City Bank of New York, New York, New York, as a director of the City Bank Farmers Trust Company, New York, New York, and as a director and officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. James McLean, for permission to serve at the same time as

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an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Richard W. Foote, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. John T. Creighton, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Daniel C. Borden, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as a director and officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. Bascom H. Torrance, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Henry A. Koelsch, Jr., for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. J. T. Cosby, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, as a director and officer of the International Banking Corporation, Bridgeport, Connecticut, and as a director of The National City Bank of New York (France) S. A., Paris, France, for the period ending January 14, 1936.

Mr. C. V. Sheehan, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, as an officer of the International Banking Corporation, Bridgeport, Connecticut, and as a director of The National City Bank of New York (France) S. A., Paris, France, for the period ending January 14, 1936.

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Mr. Howard C. Sheperd, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, as a director and officer of the International Banking Corporation, Bridgeport, Connecticut, and as a director of The National City Bank of New York (France) S. A., Paris, France, for the period ending January 14, 1936.

Mr. Stewart C. Pratt, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Harold Bottenus, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Rowland R. Hughes, for permission to serve at the same time as an officer of The National City Bank, New York, New York, and as an officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. George J. Kenny, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. William L. Marsh, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. J. H. Durrell, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, as a director and officer of the International Banking Corporation, Bridgeport, Connecticut, and as a director and officer of the Banque Nationale de la Republique d'Haiti, Port au Prince, Haiti, for the period ending January 14, 1936.

Mr. Charles F. Wheaton, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

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Mr. William A. Simonson, for permission to serve at the same time as a director and officer of The National City Bank of New York, New York, New York, and as a director of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. C. C. Jordan, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Louis Maetzker, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as a director and officer of the Banque Nationale de la Republique d'Haiti, Port au Prince, Haiti, for the period ending January 14, 1936.

Mr. Nelson Stuart, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Allen G. Hoyt, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Harry W. Jones, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. P. A. Miller, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. James H. Perkins, for permission to serve at the same time as a director and officer of The National City Bank of New York, New York, New York, as a director and officer of the City Bank Farmers Trust Company, New York, New York, and as a director and officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

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Mr. Robert Weed Doye, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. Noel Erskine Hanf, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Stanley D. Pearce, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Harry E. Henneman, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, as a director and officer of the Banque Nationale de la Republique d'Haiti, Port au Prince, Haiti, for the period ending January 14, 1936.

Mr. William W. Wilson, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. George D. Buckley, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Ralph E. Morton, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Samuel Sloan, for permission to serve at the same time as a director of The National City Bank of New York, New York, New York, and as a director of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

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Mr. Beverley Keator, for permission to serve at the same time as an officer of The National City Bank of New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Mr. Arthur C. Chadbourne, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the International Banking Corporation, Bridgeport, Connecticut, for the period ending January 14, 1936.

Mr. Kenneth A. Hackler, for permission to serve at the same time as an officer of The National City Bank of New York, New York, New York, and as an officer of the City Bank Farmers Trust Company, New York, New York, for the period ending January 14, 1936.

Approved in accordance with the
action taken at the meeting on December
29, 1934.

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

Mr. David A. Crawford, for permission to serve at the same time as a director of the Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois, as a director of the Harris Trust and Savings Bank, Chicago, Illinois, and as a director of the Pullman Trust and Savings Bank, Chicago, Illinois, for the period from January 10, 1935 to January 14, 1936.

Approved in accordance with the
action taken at the meeting on December
29, 1934.

Letter to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, prepared in accordance with the action taken at the meeting of the Board on December 29, 1934, transmitting the following Clayton Act permit and stating that the delivery of the permit should not be made until it has been determined that the applicant's service with the First-Chicago Corporation and The

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First National Bank of Chicago, the Harris Trust and Savings Bank, both of Chicago, Illinois, and the United States Trust Company of New York, New York, New York, does not come within the provisions of Section 32, or that his service with such institutions has been brought into conformity with the requirements of that section:

Mr. John P. Wilson, for permission to serve at the same time as a director of The First National Bank of Chicago, Chicago, Illinois, as a director of the Harris Trust and Savings Bank, Chicago, Illinois, and as a trustee of the United States Trust Company of New York, New York, New York, for the period ending January 14, 1936.

Approved.

Thereupon the meeting adjourned.

Robert Norrie
Secretary.

Approved:

W. C. C. C.
Governor.