A meeting of the Federal Reserve Board was held in Washington on Wednesday, January 23, 1935, at 11:05 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. Clayton, Assistant to the Governor

Mr. Miller reported that all of the ten architects who had been invited to compete in the submission of designs for the Board's new building have indicated that they are agreeable to participating in the program, if the terms and conditions are satisfactory to them, and that two of the professional members of the jury which had been selected by the Board to make the award to the successful architect had accepted but that no word had yet been received from the other member. He said that Mr. Meeks had raised a question as to whether Mr. Eliel Saarinen, Birmingham, Michigan, one of the competing architects, is an American citizen; that he had made inquiry of the Finnish Legation with respect to the matter, and that, in the event it was ascertained that Mr. Saarinen was not an American citizen, it would be necessary for the Board to decide whether he should be permitted to participate in the program of competition.

In connection with the action taken by the Board at its meeting on January 18 authorizing Mr. Miller to advise Mr. Owen D. Young that the Board desires him to remain as a Class C Director of the Federal
Reserve Bank of New York until the expiration of his present term, Mr. Miller presented the following letter addressed to him by Mr. Young under date of January 22, 1935:

"The minute of the Board which you quote in your letter of the nineteenth removes entirely the sensitivity which I felt in continuing to sit as a director of the Federal Reserve Bank of New York after I had received official notice that it was the policy of the Board to limit the term of service of any one director to a maximum of six years. Certainly I did not wish to be an offender against the spirit of that policy merely because technically my term of office did not expire until the end of the present calendar year.

"I shall be happy, as I have always been, to serve as a director of the New York Bank so long as the Federal Reserve Board wishes and so long as the policies of the System are such that I can render loyal service.

"Your gracious and generous personal word is most deeply appreciated. Your conspicuous service on the Federal Reserve Board from its beginning until now, while long in years, can be better measured by the grave problems and responsibilities, such as have not been known before, which have faced central banks, not only in this country, but in all. Such an experience, in a small part of which I have been privileged to share, makes your word of praise something which I shall cherish always."

Mr. Miller stated that he had received a telephone call from Mr. C. M. Woolley, also a Class C Director of the Federal Reserve Bank of New York, in which Mr. Woolley stated that he wanted the Board to know that his resignation was available at any time; that he was aware of the position taken by Mr. Owen D. Young; and that he was impelled by the same motives in his desire to make his position clear to the Board.

After a brief discussion Mr. Miller was authorized to advise Mr. Woolley, in such manner as he thinks appropriate, that the Federal
Reserve Board desires him to remain a director of the bank for the remainder of his term; that the policy announced in the Board's letter of January 9, 1935, was not intended to apply during the present terms of directors now holding office but to future appointments; and that the policy had been announced in order that the Federal reserve banks and branches might have ample time in which to become familiar with the policy.

Governor Eccles reported, in connection with the discussion of the recent action taken with respect to directors of Federal reserve banks and their branches, that he had received favorable comments from Mr. Rudolph S. Hecht, President of the American Bankers Association, Mr. Robert V. Fleming, Vice President of the Association, Mr. Tom K. Smith, President of The Boatmen's National Bank, St. Louis, Missouri, Mr. Walter S. Bucklin, President of the National Shawmut Bank, Boston, Massachusetts, and others, with respect to the new policy. He said that their comments were entirely voluntary and that they were of opinion that the adoption of such a policy was one of the most constructive moves that could be taken in the best interests of the Federal Reserve System.

Mr. Szymbczak reported briefly with respect to his visit to the Federal Reserve Bank of Cleveland, in connection with the death of Governor Fancher, and outlined the events leading up to the promotion of Deputy Governor M. J. Fleming to Governor of the Federal Reserve Bank of Cleveland. Mr. Szymbczak stated that he had conferred with Messrs. L. E. Williams, former Chairman and Federal Reserve Agent at the Cleveland bank, E. S. Burke, Deputy Chairman of the bank, and others, regarding a
possible successor to Governor Fancher and that the board of directors of the Cleveland bank were unanimous in their action in appointing Mr. Fleming as Governor at a salary of $25,000 per annum, subject to the approval of the Federal Reserve Board, which was given under date of January 21, 1935.

Governor Eccles brought up for consideration the recommendations of the Committee on Salaries and Expenditures, dated January 17, 1935, with respect to salaries of officers of the Federal reserve banks for the year 1935. The recommendations were reviewed in detail and particular consideration was given to the proposed increase in the salary of Mr. H. P. Preston, Deputy Governor at the Federal Reserve Bank of Chicago from $22,000 to $30,000 per annum, and the proposed increase in the salary of Mr. W. H. Snyder, Controller of the Federal Reserve Bank of Chicago from $14,000 to $16,000 per annum. Messrs. James and Szymczak stated that they felt that they were morally bound by their recommendation last fall, which was concurred in by the other members of the Committee on Salaries and Expenditures and the Committee on District No. 7, particularly in view of the fact that certain directors of the Chicago bank had been informally advised thereof.

After discussion, a vote was taken with respect to the proposed adjustment in Mr. Preston's salary and the Board approved increasing his salary from $22,000 to $25,000 per annum, Messrs. James and Szymczak not voting.

Mr. Szymczak then moved that Mr. Snyder's salary be increased from $14,000 to $16,000 per annum and Mr. Miller moved to amend Mr. Szymczak's motion so as to authorize an increase in Mr. Snyder's salary to $15,000 per annum. Governor

...
Eccles put Mr. Miller's motion to a vote and it was lost, Governor Eccles and Mr. Miller voting in the affirmative. Governor Eccles then put to a vote Mr. Szymczak's original motion that Mr. Snyder's salary be increased from $14,000 to $16,000 per annum which was carried, Governor Eccles and Mr. Miller not voting.

The Board thereupon by unanimous vote approved all the other recommendations of the Committee on Salaries and Expenditures dated January 17, 1935 (memorandum of which from Mr. James is contained in Board's files), with the understanding that the Secretary would prepare letters to the Chairmen of the respective Federal reserve banks covering the action taken.

There was then presented, at the request of Mr. James, the following letter dated January 17, 1935, received from Mr. Case, Chairman of the Federal Reserve Bank of New York, a copy of which had been previously sent to each appointed member of the Board for his information:

"The third paragraph of the Board's letter of January 5, 1935, with reference to salaries of officers and employees of Federal reserve banks, reads as follows:

'With these considerations in mind the Board has reviewed its policies in passing upon salaries of officers and employees of the Federal reserve banks and has decided that there should be no increases at this time in salaries of officers and employees receiving more than $5,000 per annum, or in any salaries not covered by the approved salary classification plan, unless there is involved a change from one position to another of greater duties and responsibility for which the salary proposed is reasonable in relation to the other salaries paid by the bank. The Board has also decided not to approve increases in maximum salaries for positions covered by the existing classification plans, except where there is involved a change in duties and responsibilities, calling for a revision of the specifications, for which higher compensation should be allowed. It is felt that the subject of the salary
"classification plans should be discussed with the governors of the banks at their next meeting in Washington.

"This letter of the Board was received on January 7, 1935, after the Committee of Directors on the Welfare of the Staff, at its meeting on December 27, 1934, and the board of directors itself at its meeting on January 5, 1935, had approved the recommendations of the officers of this bank with respect to employees' salary adjustments, effective January 1, 1935, within the salary classification plan. The approved salary classification plan in effect at this bank includes certain grades with maximum salaries in excess of $5,000; and the salary adjustments approved by our board of directors on January 5, 1935, effective January 1, 1935, included the following increases of salaries within such grades:

<table>
<thead>
<tr>
<th>Grade and Salary</th>
<th>Proposed 1935</th>
<th>1934 Rate</th>
<th>Increase Rate</th>
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</thead>
<tbody>
<tr>
<td>Lotts, George</td>
<td></td>
<td>$5,400</td>
<td>$200</td>
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<tr>
<td>Heemsath, John</td>
<td></td>
<td>$5,200</td>
<td>200</td>
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<tr>
<td>Cutler, Raymond F. Special Representative</td>
<td></td>
<td>5,300</td>
<td>200</td>
</tr>
<tr>
<td>Wighton, H. Howard Examiner Grade A</td>
<td></td>
<td>$5000-$6000</td>
<td>5,200</td>
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"Aside from the fact that these increases were made effective under existing authority, prior to receipt of the Board's letter of January 5, 1935, and therefore would not be affected by the above quoted paragraph from that letter, it is the opinion of our officers and directors that the increases listed are sufficiently in accord with the spirit of the policy announced by the Board to make it wholly undesirable to withdraw from these employees the salary advances granted to them.

"We are therefore permitting the above increases to stand and we are writing this letter so that the Board may be fully advised of the circumstances."

Mr. James stated that in view of the fact that the salary increases set forth in Mr. Case's letter were made under existing authority, prior to the receipt of Governor Eccles' letter of January 5, 1935, outlining the Board's present policy with respect to salary adjustments, it
appeared that the bank had acted within its authority and that he would recommend that no objection be made thereto.

Governor Eccles stated that, although there appeared to be no necessity for action on the part of the Board regarding the matter, he felt that it might be desirable to acknowledge receipt of Mr. Case's letter and to advise him of the Board's approval of the action taken upon such increases.

After discussion, the Board concurred in Governor Eccles' suggestion and requested the Secretary to prepare an appropriate reply to Mr. Case.

Consideration was given to a memorandum dated January 15, 1935, from the Committee on Salaries and Expenditures in regard to a letter dated December 14, 1934, from Governor Young of the Federal Reserve Bank of Boston, requesting approval of certain changes in the bank's personnel classification plan. The Committee recommended that action be deferred on such recommendations but stated that, inasmuch as the salaries of secretaries at the Federal Reserve Bank of Boston are substantially below those paid at all other Federal reserve banks, it was recommended that Governor Young be advised that, while the Board is deferring action on changes in salary ranges in view of the position taken in its letter of January 5 to the Chairmen of all Federal reserve banks, it has approved an increase to $1,560 per annum in the maximum provided by the personnel classification plan for individual secretaries to officers of the bank.

Recommendations approved.
Consideration was given to a memorandum dated December 24, 1934, from the Committee on Salaries and Expenditures in regard to a letter dated December 19, 1934, from Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, requesting approval of certain changes in the bank's personnel classification plan.

After discussion, the Board deferred action on the Committee's recommendation that the proposed changes be approved, with the understanding that the bank would be requested to reconsider them in the light of Governor Eccles' letter of January 5, 1935, outlining the Board's present policy with respect to salary adjustments.

Consideration was given to a memorandum dated December 21, 1934, from the Committee on Salaries and Expenditures in regard to a letter dated December 18, 1934, from Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, requesting approval of certain changes in the bank's personnel classification plan.

After discussion, the Board deferred action on the Committee's recommendation that the proposed changes be approved, with the understanding that the bank would be requested to reconsider them in the light of Governor Eccles' letter of January 5, 1935, outlining the Board's present policy with respect to salary adjustments.

Memorandum dated January 14, 1935, from the Committee on Salaries and Expenditures of the Federal Reserve Banks submitting a letter dated January 2 from Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, which requested approval of changes in the personnel classification plan of the Federal Reserve Bank of Dallas to provide for the new position of Division Chief in the Loan Department with a
salary range of from $2,100-$3,000, and for the discontinuance of the positions of Manager, an appraised position, Chief Clerk and Junior Stenographer, all in the Insolvent Banks Department, as a result of the transfer of this department to the Loan Department under which, in the future, it will operate as a division.

Approved, and the Secretary was requested to advise Mr. Walsh that such action was taken in view of the fact that the proposed changes are not in conflict with the Board's position as set forth in Governor Eccles' letter of January 5, 1935.

Memorandum dated January 15, 1935, from the Committee on Salaries and Expenditures of the Federal Reserve Banks submitting a letter dated January 9 from Mr. J. S. Walden, Jr., Controller of the Federal Reserve Bank of Richmond, which requested approval of changes in the personnel classification plan of the Federal Reserve Bank of Richmond, to provide for the new positions of Examiner for the Industrial Advisory Committee, Secretary to the Industrial Advisory Committee and Industrial Loans Examiner, all in the Credit Department with salary ranges of $3,000 - $4,500, $2,400 - $3,600, and $2,100 - $3,300, respectively; for a decrease in the salary range of the position of Manager in the Transit Department from $3,400 - $4,400 to $3,000 - $4,000, and for changes in the description of work and qualifications required for a number of positions. The memorandum stated that the Committee had reviewed the proposed changes and recommended that they be approved.

Approved, and the Secretary was requested to advise Mr. Walden that such action was taken in view of the fact that the proposed changes are not in conflict with the Board's position.
Mr. James reported that a conference had been held in his office with members of the Board's staff and Deputy Governor Rounds of the Federal Reserve Bank of New York, in regard to a proposal to change the present retirement system to provide for the compulsory retirement of employees who have outlived their usefulness. He said that he believed the proposal has merit and that some constructive changes could be worked out.

Governor Eccles suggested that, if it were found to be feasible to make the desired changes in the existing retirement benefits, retirement should be compulsory in such cases and it would be desirable to consider the possibility of such benefits in connection with the contemplated review of personnel classification plans.

Governor Eccles stated that he understood that the members of the Board had been furnished with copies of Mr. Currie's memoranda to him dated December 24, 1934, and January 17, 1935, together with a copy of Mr. Szymczak's memorandum to him under date of December 31, 1934, in regard to recommendations with respect to rates of interest on advances under section 13b of the Federal Reserve Act. He suggested that the members of the Board review this material prior to the next meeting of the Board and that Mr. Szymczak be prepared to make a recommendation at that time regarding the matter for the consideration of the Board.

During the discussion regarding industrial loan activities, Governor Eccles said that he expected to have a conference with the President some time this week to discuss the legislative program; and
that while he thought it would probably not be desirable to suggest any amendatory legislation which would terminate the powers conferred upon the Federal reserve banks by the provisions of section 13b of the Federal Reserve Act, he would like to have the reaction of the Board as to whether, if the question of industrial loans came up, it would like him to report to the President that the Board would rather that the Reconstruction Finance Corporation make all industrial advances and that the Federal reserve banks should gradually withdraw from the field or whether, in the Board's judgment, it would be preferable to say nothing on that subject.

After discussion, it was the sense of the Board that it would be desirable to avoid saying anything regarding the matter at the present time.

There was presented for consideration the following letter dated January 11, 1935, from Mr. Oscar Newton, Chairman of the Federal Reserve Bank of Atlanta, which had previously been circulated to the members of the Board for their information and consideration, together with a memorandum and draft of a proposed reply thereto prepared by the general counsel:

"The directors of the Federal Reserve Bank of Atlanta wish to make some provision for the support and well being of the widow of our late Governor, Mr. Eugene R. Black, and feel that such payment should be made to Mrs. Black for the following reasons:

"Prior to May 1933 Governor Black received a salary of $25,000 per annum. In that month he was asked to become Governor of the Federal Reserve Board. While deeply appreciative of the honor paid him, he was reluctant to accept the appointment because of the severe financial sacrifice which he knew that such acceptance would entail. However, because of his deep interest in the Federal Reserve System, his loyalty to the President, and his sincere desire to aid the Recovery Program of the Administration, he accepted."
"At the time of his acceptance of the Governorship of the Board he felt that his tenure of office would not exceed a few months - certainly not more than six months. As time passed, however, it became increasingly apparent that his stay in Washington would be prolonged and his sense of loyalty precluded the tender of his resignation until such time as he felt that he might properly urge that he be relieved of the heavy responsibilities of his office.

"He was away from Atlanta for approximately fifteen months, namely from May 19, 1933 to August 15, 1934. During this period, while he had no actual official connection with the Federal Reserve Bank of Atlanta, he was regarded as being, in practical effect, simply away on a leave of absence and it was understood that when he returned to Atlanta he would be re-elected Governor of this bank. No Governor was elected to serve during his absence and no one received the salary which he would have received had he remained in office. While, as stated, he held no office with the Federal Reserve Bank of Atlanta while he served as Governor of the Board, he was cognizant at all times of the activities of this bank and frequently gave advice and rendered assistance which would not have been asked or expected except for his known interest in the Atlanta bank and the expectation that he would return as its Governor.

"It is not possible definitely to calculate the actual pecuniary loss occasioned to Governor Black by his public service. The directors feel that such actual loss would be in excess of $25,000. Not only were his Washington living expenses heavy, he was also under the necessity of retaining unrented his home in Atlanta and of maintaining the same in repair.

"During the time when he was in Washington his necessary living and other expenses substantially exceeded the salary which he received as Governor of the Board and, in addition, he lost the difference between that salary and the salary which he would have received as Governor of the Federal Reserve Bank of Atlanta.

"Being a man without substantial means and dependent upon his monthly salary for the support and maintenance of himself and family, he was forced to curtail expenses wherever possible and, unfortunately, surrendered some $40,000 or $50,000 of life insurance which he was carrying at the time of his appointment to the Governorship of the Board. His estate will be negligible and the amount of insurance retained and payable to his wife will not exceed $50,000.

"Under the circumstances recited above the directors of this bank feel that it would be an act of simple justice to pay Mrs. Black the sum of $25,000, which amount, as stated, would not represent the actual monetary loss referred to above. We feel that the payment of this amount is amply justified by the facts. We are always mindful of the fact that the funds of
"the Federal Reserve Bank should not be spent without full justification and for adequate considerations, and we feel that the conduct of the affairs of the bank have been such as to show that this principle has been put into actual practice. However, we regard the facts of the present case as being exceptional.

"I am writing this letter at the direction of our Board of Directors and in order to advise you that the payment will be made, provided we are advised by your Board that you will interpose no objection thereto. We do not ask the formal approval of the Federal Reserve Board since, in our opinion, the matter is not one which would, in regular routine, be submitted to the Board for approval. Being desirous, however, of doing nothing which would meet with the Board’s disapprobation, we request advice as to whether or not a payment made in the amount and for the reasons stated would be disapproved or questioned by the Board."

In this connection, Mr. Morrill read the following memoranda submitted by Messrs. Hamlin and Miller, respectively, which Mr. James requested be incorporated in the minutes of the Board:

"I have checked this letter on the subject of the proposed payment by the Federal Reserve Bank of Atlanta to Mrs. Black. I interpose no objection to this payment, but base my conclusions on slightly different grounds from those contained in the attached letter.

"Disregarding legal technicalities and looking through the form to the substance, Governor Black, while Governor of the Federal Reserve Bank of Atlanta, was drafted by the President of the United States, in a time of critical emergency, to assume the duties for a brief period of Governor of the Federal Reserve Board. After careful consideration, and at the earnest request of his directors, he responded to this call and went to Washington to assume his new duties. The salary of Governor of the Federal Reserve Board is less than one-half the salary paid Governor Black as Governor of the Federal Reserve Bank of Atlanta, while the cost of living in Washington was very much greater than in Atlanta, and also his permanent expenses in Atlanta remained heavy. The extra expenses incurred by him in accepting this assignment amounted to about the sum mentioned in the letter.

"During Governor Black’s absence from Atlanta, his place was not filled by the directors, and he was called upon constantly for advice, just as if he were, in fact, still the Governor."
"While the Federal Reserve Bank of Atlanta could not pay him any salary, as he was technically not on the roll of the Federal Reserve Bank of Atlanta, yet I think they could legally appropriate a sum of money sufficient to meet the extra expense entailed upon him in carrying out this temporary assignment until he returned to Atlanta to resume his duties as Governor.

(Signed) C. S. Hamlin."

"I have given careful thought to the payment of $25,000 proposed to be made by the Federal Reserve Bank of Atlanta to the widow of the late Governor Eugene R. Black and to the action which the Federal Reserve Board should take with respect to the matter; and in this connection I have reviewed the circumstances under which Mr. Black served as Governor of the Federal Reserve Board from May 19, 1933 to August 15, 1934.

"Just after Mr. Black became Governor of the Federal Reserve Board, he talked with me about the circumstances of his appointment. He said that the President's proposal that he be Governor of the Board was a complete surprise to him and that he told the President that he just could not take the position except possibly for a period of two or three months as an emergency matter, because his financial condition was not such as to justify the sacrifice involved. Nevertheless, he was persuaded by the President to become Governor of the Board and at a salary approximately one-half of that which he would have received had he continued as Governor of the Federal Reserve Bank of Atlanta.

"On several different occasions during his service as Governor of the Board he stated emphatically to me that he could not afford, in view of his financial circumstances, to remain as Governor of the Board any longer and that he strongly desired to return to Atlanta. I remember particularly that he made such statements to me about the time of the enactment of the Gold Reserve Act in late January 1934 and also during the month of May 1934. During the last several months of his stay here, Governor Black made repeated efforts to submit his resignation and have it accepted by the President, but was unsuccessful in this until the middle of August. I think it is not incorrect to say that Mr. Black was drafted for his position as Governor of the Federal Reserve Board and that his service, especially after January 1934 was involuntary on his part. As a result, he incurred great financial loss and it is understood that he was obliged to cancel life insurance policies amounting to $40,000 or more.

"During the period of Governor Black's service as Governor of the Federal Reserve Board many matters of the gravest importance to the Federal Reserve System and to the Nation came
"before the Board for consideration, and Governor Black gave without stint of his time and energy to these problems. He was frequently near exhaustion from his efforts both day and night in the interests of the Federal Reserve System. I think it cannot be questioned that his arduous labors for the Board contributed in a large measure to the state of his health which ultimately resulted in his death.

"In 1925 the Federal Reserve Bank of Kansas City paid $1,000 to the widow of a guard at the Denver branch who was killed in defending the bank's property during a holdup. In that case the Federal Reserve Board stated, after consulting with the Treasury Department, that it would interpose no objection to the payment. The guard lost his life in the line of duty and in performing the function for which he was employed, and the Board's action was doubtless due to the peculiar circumstances of the case. The payment was in accord with the prevailing practice of corporations and other employers in similar circumstances. In certain respects it is believed that Governor Black's case is not unlike that of the Denver guard.

"Upon careful analysis of the facts with regard to the proposed payment to the widow of Governor Black, I feel that in view of the circumstances under which he was drafted for service with the Federal Reserve Board and the severe effect of such service upon his health and financial condition, there exists a definite moral basis on which the payment may properly be justified. I know of no valid objection which can be made to the payment except the suggestion that, while not prohibited by law, there is no legal authority for the payment. This objection is one purely of a technical character which in the extraordinary circumstances of this case should not prevent the carrying out of what, in my conception of the matter, may not improperly be regarded as a moral obligation on the part of the Federal Reserve System. I believe, however, that the subject is one upon which favorable action should be taken by the Federal Reserve Board only by the unanimous vote of its members, including the Secretary of the Treasury. If such a vote can be obtained, I feel that the Federal Reserve Board may properly advise the Federal Reserve Bank of Atlanta that it will offer no objection to the payment which the bank proposes to make to the widow of Governor Black.

(Signed) A. C. Miller."

After discussion, the Board decided that in view of the very exceptional circumstances in this case and without intending to establish any precedent for similar action in other cases it would interpose no objection to the action
proposed by the board of directors of the Federal Reserve Bank of Atlanta as set forth in Mr. Newton's letter of January 11, 1935, with the understanding, however, that the approval of the Secretary of the Treasury and the Comptroller of the Currency would be obtained in order that the action taken may be by the unanimous vote of the entire Board, and that the approval of the members of the Board should be evidenced by initialing the file copy of the letter to be sent to Mr. Newton in reply to his letter.

There were then presented the minutes of the meeting of the Board held on January 9, 1935, which had been previously circulated and approved by all of the members of the Board, with the exception of Mr. Thomas, who did not approve, for reasons discussed at the meeting on January 18, 1935.

Mr. Thomas stated that the minutes were accurate and that his notation merely indicated that he had not understood that the Board's letter of January 9, 1935, in regard to the future policy of the Board with respect to the appointment of directors of the Federal reserve banks and branches would be sent out before further consideration by the members of the Board.

The minutes of the meeting held on January 9, 1935, were thereupon approved.

Governor Eccles referred to the outline of proposed legislation affecting the Federal Reserve System, copies of which he had handed to the members of the Board at the meeting on January 18, and reported that it had been proposed that the miscellaneous provisions of a technical nature included therein be incorporated in an omnibus bill to be prepared in collaboration with the Office of the Comptroller.
of the Currency, and that Mr. Wyatt, General Counsel for the Board, Mr. Awalt, Deputy Comptroller of the Currency, Mr. Wilcox, Assistant General Counsel for the Secretary of the Treasury, and Mr. Tom K. Smith, President of The Boatmen's National Bank, St. Louis, Missouri, are working on the program and endeavoring to reconcile any differences arising as a result of the different viewpoints of the two organizations. He said that Mr. Smith had been called to Washington to perform some special work for the Secretary of the Treasury and had relieved Under Secretary of the Treasury Coolidge in this work because of the increased volume of other work that had been placed on Mr. Coolidge.

At this point Mr. Szymczak left the meeting.

There was some discussion of certain items on the legislative program and Governor Eccles inquired whether the members of the Board desired to express themselves on any of the various provisions. However, no action was taken in this connection.

The minutes of the meetings of the Federal Reserve Board held on December 28, 29, and 31, 1934, and January 2, 3, 4, 5, 7, 8, 10 and 12, 1935, were approved.

The Board then acted on the following matters:

Telegram dated January 23, 1935, from Mr. Curtiss, Chairman of the Federal Reserve Bank of Boston, advising that, at a meeting of the board of directors today, no change was made in the bank's existing schedule of rates of discount and purchase.

Without objection, noted with approval.
Letter dated January 22, 1935, approved by five members of the Board, to Mr. Case, Chairman of the Federal Reserve Bank of New York, reading as follows:

"I have before me your letter of January 10 acknowledging receipt of my letter of January 5 in regard to salaries of officers and employees of Federal reserve banks, and note that it was presented to the board of directors of the Federal Reserve Bank of New York. I am, of course, pleased to find that you are in general agreement with the principles outlined in my letter but am unable to reconcile with these principles the proposals for increases submitted with Mr. Sailer's letters of January 5 and your letter of January 4. In this connection you stated in your letter of January 10 that 'in the case of each recommended increase of salary greater duties and responsibilities have been placed upon the officer involved'. However, as pointed out in my letter of January 5, the Board decided that 'there should be no increases at this time in salaries of officers and employees receiving more than $5,000 per annum, or in any salaries not covered by the approved salary classification plan, unless there is involved a change from one position to another of greater duties and responsibility'. Likewise, the Board decided 'not to approve increases in maximum salaries for positions covered by the existing classification plans, except where there is involved a change in duties and responsibilities, calling for a revision of the specifications'. It was also stated that it would not be a sufficient ground for approving an increase in salary merely that the volume of work done has increased or that the officer or employee has rendered good service. In other words, where there is no change of position the Board does not consider that the mere growth of duties and responsibilities of the officer or employee is a sufficient basis for an increase in salary. In order to conform to the principle stated, the Board considers that there should be in fact a 'change from one position to another of greater duties and responsibility' and this principle would not be satisfied by merely showing that there had been an increase in the work performed or supervised by an officer or employee for whom an increase is desired. As it does not appear from the explanations submitted that the proposed increases are in harmony with the policy set forth in my letter of January 5, the Federal Reserve Board does not see how it would be justified in approving them on the basis of the information now before it.

"If it should be found, however, after careful reconsideration, that there are any exceptional cases of such unusual character as in the judgment of your board of directors would warrant
"the reconsideration of the Federal Reserve Board, they will be given prompt consideration upon receipt of advice thereof, stating fully the facts upon which your board of directors bases its recommendations.

"It may be added in this connection that the Board feels that a new study should be made of the classification plans of the Federal Reserve banks with the view of simplifying them and putting them on a more nearly uniform and comparable basis. To this end the Board has in mind suggesting to the banks a conference of officers representing all the Federal Reserve banks who are familiar with these plans and a separate letter on this subject is being prepared."

Approved, Mr. James "not voting".

Telegram dated January 22, 1935, approved by five members of the Board, to Mr. Kettig, Deputy Chairman of the Federal Reserve Bank of Atlanta, reading as follows:

"Your telegram January 18. Board approves appointment of Mr. Andrew M. Lockett as member of Industrial Advisory Committee of Sixth Federal Reserve District for unexpired portion of term of Mr. Ernest T. George, resigned, it being understood that Mr. Lockett is actively engaged in some industrial pursuit within the Sixth District."

Approved.

Letter to "The Bergen County National Bank of Hackensack", Hackensack, New Jersey, reading as follows:

"The Federal Reserve Board has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, 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 New Jersey, 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. This letter will be your authority to exercise the fiduciary powers granted by the Board. A formal certificate covering such authorization will be forwarded to you in due course."

Approved.
Letter dated January 22, 1935, approved by five members of the Board to "The James River National Bank of Jamestown", Jamestown, North Dakota, reading as follows:

"This refers to the resolution adopted on October 2, 1934, by the board of directors of your bank signifying the bank's desire to surrender its right to exercise trust powers which have been granted to it by the Federal Reserve Board.

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

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Federal Reserve Board to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Federal Reserve Board made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers covered by section 11(k) of the Federal Reserve Act except with the permission of the Federal Reserve Board."

Approved.

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

"Reference is made to the report of examination of the 'Community Trust Company of Bloomfield', New Jersey, as of May 19, 1934, and the supplemental information submitted in connection therewith.

"Both your examiner and the examiner for the State Department commented upon the large proportion of loans to officers, directors, and their interests, and, in this connection, your examiner states that a review of the financial statements filed by the directors leads him to believe that the directors have abused the credit facilities of the bank."
"The Board feels that loans to officers, directors, and their interests should be above criticism at all times, and, as indicated by a condition of membership prescribed by the Board for some time, that such loans should not be permitted to assume unduly large proportions or to endanger the liquidity of the bank's assets. The particular attention of the bank should be called to this unsatisfactory feature and it is expected that every effort will be made to remove all cause for criticism in this connection.

"Included in each of the twelve directors' liability to the bank is a note for $4,380, unsecured except for an insurance policy for $5,000 on the life of each director, representing the balance due on an obligation incurred in 1930 for the purpose of absorbing a proportionate share of depreciation existing at that time in certain securities carried in the bank's investment account. In this connection the Entwood Corporation, which was formed for the sole purpose of handling the eliminated securities, is indebted to the bank in the amount of $35,000, secured by a pledge of its total assets consisting of corporate stocks with a market value of $31,500 and a relatively small amount of cash. As regards the notes given for the depreciation, the examiner states he was informed that the directors were of the opinion when the notes were given that there would be sufficient recovery in the securities market to relieve them of any personal responsibility for the ultimate payment of the notes, and that they are now reluctant to make any reductions in the principal or any payments on the interest. The payment of interest and the small principal reduction on each note have been made by the Entwood Corporation, which also pays the premiums on the insurance policies. It is felt that, as a matter of sound banking policy, each director should be impressed with the fact that the obligation is a personal obligation which the bank cannot be expected to carry indefinitely.

"In connection with the call of March 5, 1934, the Entwood Corporation was reported on Schedule 0 as an affiliate of the bank, such relationship being due to the fact that a majority of the directors of the corporation were also directors of the bank, but the bank reported no affiliates in connection with the calls of June 30 and October 17. It is assumed, therefore, that some action has been taken to terminate the technical affiliation of the Entwood Corporation, but it will be appreciated if you will furnish an opinion of your counsel as to whether the affiliate relationship of the Entwood Corporation with the bank has actually been terminated, and also as to whether there have been any violations of Section 32 or Section 20 of the Banking Act of 1933 in connection with the operations of the Entwood Corporation."
"In his comments regarding the indebtedness of the Entwood Corporation, the State examiner states that since the previous examination the corporation has sold certain securities, using a $1,200 profit on the sales to reduce each of the directors' notes referred to by $100, and that the book value of the securities sold was reinvested in securities. The financial statement of the Entwood Corporation as of May 19, 1934, included in the report of examination, shows that its assets, except for a small amount of cash, consisted entirely of corporate stocks, indicating that the reinvestments referred to were made in this type of securities. In this connection your examiner comments that the directors are making use of the pledged assets of the Entwood Corporation to gamble in the stock market. While the Entwood Corporation may not now be an affiliate of the bank as defined by the Banking Act of 1933, the fact remains that the only financial interest in the corporation apparently has been furnished by the bank, as, from the information submitted, it appears that no capital was paid in at the time the corporation was organized and that the corporation is indebted to the bank in an amount in excess of the entire value of its assets. The activities of the corporation, therefore, may represent, in effect, activities of the bank, and, if so, the purchase of corporate stocks by the corporation would be contrary to the purpose underlying Section 5136 of the United States Revised Statutes, made applicable to State member banks by Section 9 of the Federal Reserve Act as amended by Section 5 (c) of the Banking Act of 1933, if not an actual violation thereof, and it is requested that you advise the bank accordingly."

Approved.

Telegram to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, referring to the application of "The North Side Bank", St. Louis County, Missouri, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months' notice of intention to withdraw and that, accordingly, upon surrender of the Federal reserve bank stock issued to The North Side Bank, the Federal Reserve Bank of St. Louis is authorized to cancel such stock and make a refund thereon.
Approved, together with a letter also addressed to Mr. Wood, reading as follows:

"This refers to the Board's telegram addressed to you under today's date advising of its approval of the immediate withdrawal from membership in the Federal Reserve System of The North Side Bank, St. Louis County, Missouri.

"In giving consideration to this matter, it has been noted from the report of examination of The North Side Bank made as of October 15, 1934, that the examiner has called attention to the fact that 'the regulations under which the bank has been operating have been violated' in certain respects. Since it is understood that The North Side Bank was not permitted to reopen on an unrestricted basis following the banking holiday in March, 1933, it is assumed that the regulations to which the examiner has referred were those issued by the Secretary of the Treasury under the authority vested in him by section 4 of the Act of March 9, 1933, and the Proclamations and Executive Orders of the President of the United States issued pursuant to section 5(b) of the Act of October 6, 1917, as amended, and the Act of March 9, 1933.

Criminal penalties are prescribed by such acts for violations of the kind referred to by the examiner, and as you know, it is the Board's usual practice in connection with apparent criminal violations involving member State banks to report such matters to the Attorney General of the United States for such action as he considers advisable. However, before taking any such action in the present case, it will be appreciated if you will furnish the Board with any further information you may have, or as may be readily available to you, with regard to the violations in question, together with your views in the premises."

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

"Relet January 7. Board's ANCIGAR telegram dated December 20, 1934, regarding 'The McCloud River Lumber Company' is hereby amended by striking therefrom all words contained in section C (2) thereof. Further consideration will be given to the requirements relating to Exhibits L and N in connection with the consideration of a general voting permit."

Approved.

Telegram dated January 22, 1935, 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:
"Referring your January 17 wire, Board has no objection to your bank's pledging with agent gold certificates in excess of amount of Federal Reserve notes outstanding provided the amount of such excess gold certificates so pledged is kept to the minimum reasonably consistent with economical and efficient operating procedure."

Approved.


"The letter of January 2, 1935 relating to margin requirements under the Securities Exchange Act of 1934 which you addressed to the General Counsel of the Securities and Exchange Commission has been referred to the Federal Reserve Board for reply, inasmuch as it is the Board and not the Commission which is directed to prescribe margin requirements under section 7 of the Act.

Your letter refers to the practice of certain persons who habitually place an order with a broker for the purchase of securities without depositing margin and who then repudiate the transaction if the market goes against them or close out the transaction and attempt to take the profit if the market moves to their advantage. On the second page of your letter you refer to a specific case in which a broker is refusing to remit to such a customer the profit realized from a purchase and subsequent sale of securities on the grounds that in making such remittance, the broker would violate the Securities Exchange Act of 1934. Assuming that there are no other transactions or securities involved and that the purchase and subsequent sale in question is of securities registered on a national securities exchange, there is nothing in section 7 of the Act or in the Board's Regulation T which would prevent the broker from remitting to the customer the profit realized. Under Regulation T the broker must have obtained the necessary margin or have otherwise brought the account into conformity with the Regulation within a specified period of time after the securities were purchased, and this requirement was complied with if he resold the securities at a profit within such period. The Act and the Board's Regulation seek to regulate the extension and maintenance of credit but the payment by the broker to his customer of the realized profit is not in this case an extension of credit.

The Board has from time to time published formal rulings under Regulation T but has not heretofore issued any ruling
"covering the precise question which you have raised. In the last paragraph of your letter you inquire as to the possibility that a ruling be issued in the future on this question. It seems advisable at this time to confine the Board's ruling to the statements made in this letter and to delay the issuance of a ruling for general publication until the submission of a request based upon the specific facts of a particular case. The Board is entirely in sympathy with your desire to make it impossible for customers to trade actively in the securities markets on the strength of their brokers' capital. In this connection it is suggested that any further inquiries which you may have be submitted to the Federal Reserve Agent at the Federal Reserve Bank of Philadelphia in accordance with the practice which the Board has adopted to eliminate the duplication of requests for rulings under Regulation T."

Approved.

Letter dated January 22, 1935, approved by six members of the Board, to Governor Young of the Federal Reserve Bank of Boston, reading as follows:

"This refers to your letter of November 28, 1934, with enclosure, regarding the question whether a Federal reserve bank may lawfully make an advance to a Federal Home Loan Bank on the note of such Federal Home Loan Bank secured by bonds of the Home Owners' Loan Corporation issued under the provisions of section 4(c) of the Home Owners' Loan Act of 1933.

"After a careful consideration of this question, the Board sees no reason to differ from the conclusion reached by Counsel for your bank that a Federal reserve bank is not authorized by any provision of law to make an advance to a Federal Home Loan Bank on the note of such Federal Home Loan Bank secured by bonds of the Home Owners' Loan Corporation issued under the provisions of section 4(c) of the Home Owners' Loan Act of 1933, whether issued prior or subsequent to the amendment made to that section by the Act of Congress approved April 27, 1934."

Approved.

Letter dated January 22, 1935, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:
"Receipt is acknowledged of your letter of January 16, requesting that you be sent, for distribution to bankers who ask for them, fifty or one hundred copies of the 'Report on the Availability of Bank Credit in the Seventh Federal Reserve District' submitted to the Secretary of the Treasury by Messrs. Charles O. Hardy and Jacob Viner if and when such report is published.

"The Board has been advised informally by the office of the Secretary of the Treasury that such report is now being printed and copies thereof are expected to be available in approximately a week's time. The Board will be glad to forward to you one hundred copies of the report as soon as it is received from the printer and has no objection to your furnishing copies upon request to bankers who may be interested in the matter."

Approved.

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

"Consideration has been given to your letter of December 28, 1934 and inclosures, regarding the application of Mr. Gordon Auchincloss under the provisions of section 52 of the Banking Act of 1933 for a permit to serve at the same time as director of The Chase National Bank of the City of New York and as director of American International Corporation, both of New York, New York. It is noted that, on the basis of the additional information which has been submitted by Mr. Auchincloss in support of his application, you and counsel for your bank remain of the opinion that the relationships in question are within the prohibitions of section 32, as was stated in the Board's letter to you of October 10, 1934.

"As you know, the Board's opinion was based primarily upon the fact that, during the past five years, purchases and sales of securities in the corporation's portfolio had averaged, respectively, 139.6 per cent and 127 per cent of total assets for each year, and upon the fact that the corporation, since January 1, 1929, had engaged in a number of transactions involving the underwriting and/or distribution of securities, many of which did not appear to have been entered into merely for the purpose of acquiring securities for investment at a discount.

"Careful consideration has been given to the additional information which has been submitted. However, it still appears that the activity in the corporation's portfolio was as great as stated in the Board's previous letter, although the statement is made on behalf of the corporation that during the period
"in question 'we have been in a very abnormal situation with tremendous changes in conditions which undoubtedly called for changes (in the portfolio) which would not take place on such a scale in more normal times'. The Board still feels, however, that, in view of such activity, it may not properly conclude that the corporation is not engaged primarily in purchasing and selling securities within the meaning of section 32.

"Moreover, with respect to the transactions involving underwriting and distributing securities, it appears that, although a portion of such transactions resulted in the acquisition by the corporation of securities which were held in its portfolio, a substantial proportion of such transactions involved merely the underwriting of issues and did not result in the acquisition of any securities by the corporation. Although it appears that the corporation has not entered into any such syndicate for almost four years, it does not appear that the Corporation will not do so again when a favorable opportunity is found.

"Under the circumstances, the Board is still of the opinion that it may not properly issue a permit in the present case. As you know, this conclusion is the same as that which the Board has reached with respect to a number of other applications in which similar circumstances were present and is in accordance with a policy adopted by the Board in order to give effect to the purpose which it believes the Congress had in mind in enacting section 32.

"Accordingly, it will be appreciated if you will advise Mr. Auchincloss of the Board's views in the matter."

Approved.

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

"Receipt is acknowledged of Mr. Gidney's letter of January 4, 1935, which requests advice as to whether section 32 of the Banking Act of 1933 should be regarded as applicable to the service of Mr. Gordon Auchincloss as a director of The Chase National Bank of the City of New York and as director of the Equitable Trust Company of New York, both of New York, New York, and as president and director of Solvay American Investment Corporation, Jersey City, New Jersey. Mr. Gidney inclosed a copy of a letter from Mr. Auchincloss giving information regarding this corporation and an opinion of counsel for your bank. It is noted that your office and counsel for your bank are of the opinion that section 32 is not applicable to the relationships in question.

"It appears that Solvay American Investment Corporation is principally engaged in holding certain blocks of securities,
"and that, for each of the past four years, purchases and sales of securities by the corporation have amounted to less than 10 per cent of the corporation's total assets. Moreover, as of March 31, 1934, over 90 per cent of the corporation's portfolio had been held continuously for at least four years.

"In 1931, the corporation joined with other holders of important blocks of stock of the Libbey-Owens-Securities Corporation (which owned a substantial interest in the Libbey-Owens-Ford Glass Company) in underwriting an issue of Convertible Gold Notes of the Libbey-Owens-Ford Glass Company; but it appears that this transaction was undertaken because of the difficulty at that time of getting other parties to underwrite the securities, and in order to protect the already large financial interest of Solvay American Investment Corporation. It does not appear that during the past five years the corporation has engaged in any other transactions involving the underwriting or distribution of securities other than its own.

"No securities of Solvay American Investment Corporation have been sold or issued to the public during the past three years. All of the common stock of the corporation was issued to and is now owned by Solvay & Company, Brussels, Belgium. In 1927, the corporation issued and sold to the public its Secured Gold Notes, and in 1929 its Cumulative Preferred Stock was issued and sold to the public. During the fiscal year ending March 31, 1934, the corporation repurchased a portion of such gold notes, and, on April 9, 1934, the remainder were called for redemption. During the fiscal year ending March 31, 1934, the corporation also repurchased 40 per cent of its Cumulative Preferred Stock, and these shares were retired.

"On the basis of the information which has been submitted, it appears that Solvay American Investment Corporation is not primarily engaged in the business of purchasing, selling, or negotiating securities within the intent of section 32, and that the provisions of that section are therefore not applicable to the relationships described in the first paragraph of this letter."

Approved.

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

"Consideration has been given to the application of Mr. W. K. Eckert under section 32 of the Banking Act of 1933 for a permit to serve at the same time as director and Vice-Chairman of the Board of the Union National Bank of Reading,

The Board has given careful and sympathetic consideration to the letter from the directors of the bank and the other information submitted in connection with the application, including your recommendation and accompanying letter. However, it appears that Graham, Parsons & Co. is engaged primarily in the business of purchasing, selling and negotiating securities within the intendment of section 32 and that the relationships covered by the application are therefore of the kind referred to in that section.

"As you know, the Board has denied a number of applications in which the circumstances were similar to those here involved, pursuant to a general policy which was adopted in order to give effect to the purposes which the Board believes Congress had in mind in enacting section 32. It appears it was the purpose of Congress in enacting that section to terminate relationships of the types described therein between member banks and dealers in securities, apparently because it was thought that such relationships might have a tendency to influence the credit and investment policies of member banks in a manner which Congress did not consider compatible with the public interest. The Board feels that it may not properly grant permits covering relationships which are actually of a kind referred to in that section, but that its authority to issue permits should be exercised only in exceptional cases, for example, those which fall within the literal terms of the statute but which are actually not within its intendment.

"Of course, the denial of an application under these circumstances cannot be taken as implying that the particular relationship has actually been characterized by any of the undesirable practices which led the Congress to enact section 32, but signifies only that the Board is of the opinion that the particular relationship is of a kind to which the Congress referred in section 32 and which the Board believes the Congress desired to terminate in order to avoid the dangers which it had in mind in enacting that section.

"Accordingly, unless there are additional considerations which you feel should be called to the attention of the Board, please advise Mr. Eckert of the Board's position in the matter.

"In the event that Mr. Eckert desires to submit further facts or arguments in support of his application, the Board, as you know, is prepared to give them careful consideration. However, any additional facts or arguments should be submitted to you, in writing, as promptly as possible; and, in the event that he does not desire to submit any further facts or arguments, he
"should be requested to notify you as to what steps he takes to bring his relationships into conformity with the provisions of the law."

Approved.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, prepared pursuant to the action taken at the meeting of the Board on December 29, 1935, transmitting the following Clayton Act permit and stating that delivery of the permit should be withheld until he has satisfied himself, if he has not already done so, that the 136 E. 79th St. Corporation and the 142 E. 79th St. Corporation, both of New York, New York, do not make loans secured by stock or bond collateral:

Mr. W. G. Brady, 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 a director of the Banque Nationale de la Republique d'Haiti, Port au Prince, Haiti, for the period ending January 14, 1936.

Approved.

Letters dated January 22, 1935, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, prepared pursuant to the action taken at the meeting of the Board on December 29, 1934, transmitting the following Clayton Act permits and stating that delivery of the permits should not be made until it has been determined that the applicants' services to the corporations named in the letters and to the banks involved do not come within the provisions of section 32 or that their services to such institutions have been brought into conformity with the requirements of that section:
Mr. N. C. Lenfestey, 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 First National Bank and Trust Company of Summit, Summit, New Jersey, for the period ending January 14, 1936.

Mr. William W. Hoffman, 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.

Letter dated January 22, 1935, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, transmitting the following Clayton Act permit, in accordance with the policy set forth in the Board's letter of January 3, 1935, and suggesting that he request the applicant to advise him if and when either of the mortgage companies named in the letter resumes the issuance, purchase, sale or negotiation of participating certificates, and that at such time he determine whether the business of such company is within the intendment of section 32 and advise the applicant and the Board accordingly:

Mr. Andrew MacKechnie, Jr., for permission to serve at the same time as a director of the United States Trust Company of Newark, Newark, New Jersey, and as a director of The Irvington National Bank, Irvington, New Jersey, for the period ending January 14, 1936.

Approved.

Letters dated January 22, 1935, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, transmitting the following Clayton Act permits and
stating that delivery of the permits should not be made until it has been determined that the services of the applicants with W. J. Young & Company, Clinton, Iowa, and the member bank do not come within the provisions of section 32 or that their services with such institutions have been brought into conformity with the requirements of that section:

Mr. L. J. Schuster, for permission to serve at the same time as a director and officer of The Clinton National Bank, Clinton, Iowa, and as a director and officer of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. W. J. Young, Jr., for permission to serve at the same time as a director and officer of The Clinton National Bank, Clinton, Iowa, and as a director and officer of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Approved.

Letters dated January 22, 1935, approved by five members of the Board, to applicants for permits under the Clayton Act advising, in accordance with the policy set forth in the Board's letter of January 9, 1935, of approval of their applications as follows:

Mr. Roy W. Bell, for permission to serve at the same time as an officer of the First Trust and Deposit Company, Syracuse, New York, and as a director of The Cazenovia National Bank, Cazenovia, New York, for the period ending January 14, 1936.

Mr. Anthony L. Breckheimer, for permission to serve at the same time as an officer of the First Trust and Deposit Company, Syracuse, New York, and as a director and officer of The First National Bank of Waterloo, Waterloo, New York, for the period ending January 14, 1936.

Mr. R. E. Haven, for permission to serve at the same time as an officer of the First Trust and Deposit Company, Syracuse, New York, and as a director of The First National Bank of Canastota, Canastota, New York, for the period ending January 14, 1936.
Mr. B. C. Loveland, Jr., for permission to serve at the same time as an officer of the First Trust and Deposit Company, Syracuse, New York, as a director of The First National Bank of Earlville, Earlville, New York, and as a director of The North Syracuse National Bank, North Syracuse, New York, for the period ending January 14, 1936.

Mr. C. Harry Sandford, for permission to serve at the same time as an officer of the First Trust and Deposit Company, Syracuse, New York, and as a director of The First National Bank of Mexico, Mexico, New York, for the period ending January 14, 1936.

Mr. Arthur W. Stover, for permission to serve at the same time as an officer of the First Trust and Deposit Company, Syracuse, New York, as a director and officer of Citizens Trust Company, Clyde, New York, and as a director of The Cazenovia National Bank, Cazenovia, New York, for the period ending January 14, 1936.

Mr. Kelley Graham, for permission to serve at the same time as a director and officer of The First National Bank of Jersey City, Jersey City, New Jersey, and as a director of The North Bergen Trust Company, North Bergen, New Jersey, for the period ending January 14, 1936.

Mr. Wm. G. Hille, for permission to serve at the same time as a director of The First National Bank of North Bergen, North Bergen, New Jersey, and as a director of the Merchants Trust Company, Union City, New Jersey, for the period ending January 14, 1936.

Mr. John J. Roe, for permission to serve at the same time as a director and officer of The First National Bank of North Bergen, North Bergen, New Jersey, and as a director and officer of The North Bergen Trust Company, North Bergen, New Jersey, for the period ending January 14, 1936.

Mr. Charles A. Phelps, for permission to serve at the same time as a director of The First National Bank of Dexter, Dexter, New York, and as a director of The Northern New York Trust Company, Watertown, New York, for the period ending January 14, 1936.

Mr. George S. Moore, 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 F. Houston, for permission to serve at the same time as a director and officer of The Real Estate Trust Company of

Mr. W. R. Hinz, for permission to serve at the same time as an employee of The National City Bank of Cleveland, Cleveland, Ohio, and as a director of The First National Bank of Rocky River, Rocky River, Ohio, for the period ending January 14, 1936.

Mr. H. V. Jenkins, for permission to serve at the same time as a director of The Citizens and Southern National Bank, Savannah, Georgia, and as a director and officer of The Morris Plan Company, Savannah, Georgia, for the period ending January 14, 1936.

Mr. H. D. Pollard, for permission to serve at the same time as a director of The Citizens and Southern National Bank, Savannah, Georgia, and as a director of the Georgia State Savings Association, Savannah, Georgia, for the period ending January 14, 1936.

Mr. A. F. Bohnson, for permission to serve at the same time as a director and officer of The Clinton National Bank, Clinton, Iowa, and as a director and officer of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. R. J. Burns, for permission to serve at the same time as an employee of The Clinton National Bank, Clinton, Iowa, and as an employee of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. L. J. Derflinger, for permission to serve at the same time as a director and officer of The Clinton National Bank, Clinton, Iowa, and as a director and officer of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. Charles E. Jackson, for permission to serve at the same time as an employee of The Clinton National Bank, Clinton, Iowa, and as an employee of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. Esthal J. Luckstead, for permission to serve at the same time as an employee of The Clinton National Bank, Clinton, Iowa, and as an employee of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. F. O. Kershner, for permission to serve at the same time as a director and officer of The Clinton National Bank, Clinton, Iowa, and as a director and officer of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.
Mr. John E. Mooney, for permission to serve at the same time as a director of The Clinton National Bank, Clinton, Iowa, and as a director of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. P. H. Petersen, for permission to serve at the same time as a director of The Clinton National Bank, Clinton, Iowa, and as a director of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. A. L. Schuyler, for permission to serve at the same time as a director and officer of The Clinton National Bank, Clinton, Iowa, and as a director and officer of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. Fred W. Stampe, for permission to serve at the same time as an employee of The Clinton National Bank, Clinton, Iowa, and as an employee of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. W. J. Wegener, for permission to serve at the same time as an employee of The Clinton National Bank, Clinton, Iowa, and as an employee of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Miss Ora Young, for permission to serve at the same time as an employee of The Clinton National Bank, Clinton, Iowa, and as an employee of the Clinton Savings Bank, Clinton, Iowa, for the period ending January 14, 1936.

Mr. L. H. Heymann, for permission to serve at the same time as a director of the Liberty National Bank of Chicago, Chicago, Illinois, and as a director of the Uptown State Bank, Chicago, Illinois, for the period ending January 14, 1936.

Mr. A. R. Bunch, for permission to serve at the same time as a director and officer of the Bank of Kingston, Kingston, Arkansas, and as a director and officer of The First National Bank of Huntsville, Huntsville, Arkansas, for the period ending January 14, 1936.

Mr. Tom Hargis, for permission to serve at the same time as a director and officer of The First National Bank of Huntsville, Huntsville, Arkansas, as a director and officer of the First State Bank, Springdale, Arkansas, and as a director and officer of the Bank of Kingston, Kingston, Arkansas, for the period ending January 14, 1936.
Mr. George R. Christie, for permission to serve at the same time as a director and officer of The First National Bank of Eagle Bend, Eagle Bend, Minnesota, as a director and officer of The First National Bank of Browerville, Browerville, Minnesota, and as a director and officer of the Bank of Long Prairie, Long Prairie, Minnesota, for the period ending January 14, 1936.

Mr. Harry Lee, for permission to serve at the same time as a director and officer of The Bank of Long Prairie, Long Prairie, Minnesota, as a director and officer of The First National Bank of Browerville, Browerville, Minnesota, and as a director and officer of the Perham State Bank, Perham, Minnesota, for the period ending January 14, 1936.

Mrs. L. B. Engebretson, for permission to serve at the same time as a director and employee of The First National Bank of Halstad, Halstad, Minnesota, and as a director of the Norman County State Bank, Hendrum, Minnesota, for the period ending January 14, 1936.

Mrs. C. J. Ickler, for permission to serve at the same time as a director of the Citizens Bank, Morris, Minnesota, as a director and officer of The First National Bank of Halstad, Halstad, Minnesota, and as a director and officer of the Norman County State Bank, Hendrum, Minnesota, for the period ending January 14, 1936.

Mr. L. H. Ickler, for permission to serve at the same time as a director and officer of The American National Bank of St. Paul, St. Paul, Minnesota, as a director and officer of the Citizens Bank, Morris, Minnesota, and as a director and officer of The First National Bank of Roseau, Roseau, Minnesota, for the period ending January 14, 1936.

Mr. E. J. La Fave, for permission to serve at the same time as a director and officer of the Citizens Bank, Morris, Minnesota, as a director of the Norman County State Bank, Hendrum, Minnesota, and as a director of The First National Bank of Halstad, Halstad, Minnesota, for the period ending January 14, 1936.

Mr. C. L. Thorson, for permission to serve at the same time as a director and officer of the Citizens Bank, Morris, Minnesota, and as a director and officer of The First National Bank of Halstad, Halstad, Minnesota, for the period ending January 14, 1936.

Mr. J. A. Ingram, for permission to serve at the same time as a
director and officer of The Bank of Earlsboro, Earlsboro, Oklahoma, and as a director and officer of the American National Bank of Shawnee, Shawnee, Oklahoma, for the period ending January 14, 1956.

Mr. Thos. E. Baker, for permission to serve at the same time as a director and officer of the Commercial State Bank, Nacogdoches, Texas, as a director and officer of the Chireno State Bank, Chireno, Texas, and as a director of The First National Bank of Cushing, Cushing, Texas, for the period ending January 14, 1956.

Mr. C. M. Caldwell, for permission to serve at the same time as a director of The Citizens National Bank in Abilene, Abilene, Texas, and as a director of the First National Bank in Breckenridge, Breckenridge, Texas, for the period ending January 14, 1956.

Mr. F. A. Paul, for permission to serve at the same time as a director of the American State Bank, Amarillo, Texas, as a director and officer of The First National Bank of Panhandle, Panhandle, Texas, and as a member of firm and officer of the Panhandle Bank, Panhandle, Texas, for the period ending January 14, 1956.

Mr. J. C. Paul, for permission to serve at the same time as a director and officer of the American State Bank, Amarillo, Texas, as a director of The First National Bank of Panhandle, Panhandle, Texas, and as a member of the firm of the Panhandle Bank, Panhandle, Texas, for the period ending January 14, 1956.

Mr. Calvin H. Sugg, for permission to serve at the same time as a director of The Central National Bank of San Angelo, San Angelo, Texas, and as a director of The First National Bank of Mertzon, Mertzon, Texas, for the period ending January 14, 1956.

Mr. Fayette Tankersley, for permission to serve at the same time as a director and officer of The First National Bank of Mertzon, Mertzon, Texas, and as a director of The Central National Bank of San Angelo, San Angelo, Texas, for the period ending January 14, 1956.

Approved.

Letters to applicants for permits under the Clayton Act advising, in accordance with the policy set forth in the Board's letter of January 9, 1955, of approval of their applications as follows:
Mr. A. Greenbaum, for permission to serve at the same time as a director and officer of The Raritan Trust Company of Perth Amboy, Perth Amboy, New Jersey, and as a director of The Fords National Bank, Fords, New Jersey, for the period ending January 14, 1936.

Mr. Conwell S. Sykes, for permission to serve at the same time as a director of The First National Bank of Aberdeen, Aberdeen, Mississippi, and as a director and officer of the Bank of Clarksdale, Clarksdale, Mississippi, for the period ending January 14, 1936.

Approved.

Letters dated January 22, 1935, approved by five members of the Board, to the respective Federal reserve agents stating that the Board has reconsidered the following Clayton Act applications and, in accordance with the policy set forth in the Board's letter dated January 9, 1935, has issued permits ending January 14, 1936:

Mr. Henry H. Stebbins, Jr., for permission to serve at the same time as a director and officer of The First National Bank and Trust Company of Rochester, Rochester, New York, and as a director and officer of The Morris Plan Company of Rochester, Rochester, New York, for the period ending January 14, 1936.

Mr. E. Walter Moses, for permission to serve at the same time as a member of firm and vice president of the Dalton Banking House, Dalton, New York, and as a director of the Genesee Valley National Bank and Trust Company of Geneseo, Geneseo, New York, for the period ending January 14, 1936.

Mr. E. D. Reagan, for permission to serve at the same time as a director of The National Bank of Westfield, Westfield, New York, as a director and officer of The National Bank of Fredonia, Fredonia, New York, and as a director and officer of The State Bank of Mayville, Mayville, New York, for the period ending January 14, 1936.

Mr. Harry C. Stevenson, for permission to serve at the same time as a director of The First National Bank and Trust Company of Rochester, Rochester, New York, and as a director of the Wayne County Trust Company, Palmyra, New York, for the period ending January 14, 1936.
Mr. H. D. Mawyer, for permission to serve at the same time as a director of The First National Bank of Nelson County at Lovingston, Lovingston, Virginia, and as a director of the Citizens Bank & Trust Company, Charlottesville, Virginia, for the period ending January 14, 1936.

Mr. O. P. Graham, for permission to serve at the same time as a director and officer of the First National Bank and Trust Company of Racine, Racine, Wisconsin, as a director and officer of the West Racine Bank, Racine, Wisconsin, and as a director and officer of the State Bank of Union Grove, Union Grove, Wisconsin, for the period ending January 14, 1936.

Mr. Frank Wolf, for permission to serve at the same time as a director of The Central National Bank at Battle Creek, Battle Creek, Michigan, as a director and officer of the Commonwealth-Commercial State Bank, Detroit, Michigan, and as a director and officer of the First Commercial Savings Bank, Constantine, Michigan, for the period ending January 14, 1936.

Mr. U. J. Pfiffner, for permission to serve at the same time as a director of The Martin County National Bank of Fairmont, Fairmont, Minnesota, as a director of The Sherburn National Bank, Sherburn, Minnesota, and as a director of The Truman National Bank, Truman, Minnesota, for the period ending January 14, 1936.

Mr. DeForrest Ward, for permission to serve at the same time as a director of The Martin County National Bank of Fairmont, Fairmont, Minnesota, as a director of The Blue Earth Valley National Bank of Winnebago, Winnebago, Minnesota, and as a director of The Sherburn National Bank, Sherburn, Minnesota, for the period ending January 14, 1936.

Mr. C. C. von Hamm, for permission to serve at the same time as a director of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, and as a director of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii, for the period ending January 14, 1936.

Approved.

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

<table>
<thead>
<tr>
<th>Applications for ADDITIONAL stock:</th>
<th>Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>District No. 2</td>
<td></td>
</tr>
<tr>
<td>The Sandy Hill National Bank of Hudson Falls, Hudson Falls, New York</td>
<td>75</td>
</tr>
<tr>
<td>Lincoln National Bank and Trust Company of Syracuse, Syracuse, New York</td>
<td>180</td>
</tr>
</tbody>
</table>
Applications for SURRENDER of Stock:

**District No. 8**
Manufacturers Bank & Trust Company of St. Louis,
St. Louis, Missouri

559

**District No. 10**
The First National Bank of Tonganoxie,
Tonganoxie, Kansas

18

**District No. 11**
First National Bank of Sulphur Springs,
Sulphur Springs, Texas

45

Total: 622

Approved.

Thereupon the meeting adjourned.

Approved:

Governor.

Secretary.