

A meeting of the Federal Reserve Board was held in Washington on Thursday, February 7, 1935, at 11:45 a. m.

PRESENT: Mr. Eccles, Governor  
Mr. Thomas, Vice Governor  
Mr. Hamlin  
Mr. Miller  
Mr. James

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary

The Board acted upon the following matters:

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

"Your letter February 4. Board approves appointment of Mr. Benjamin F. Mechling as member of Industrial Advisory Committee of Third Federal Reserve District for unexpired portion of term of Mr. Richard D. Wood, resigned, it being understood that Mr. Mechling is actively engaged in some industrial pursuit within the Third District."

Approved.

Telegram to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Re your letter February 2, 1935, Board extends to March 11, 1935, the time within which 'Nebraska State Bank of Valentine, Nebraska' may accomplish its membership in the System. Please advise the bank accordingly. Your comments regarding possible change in ownership and management of bank have been noted and in event any such change is effected it is requested that before accepting payment for or issuing stock in Federal Reserve Bank to applicant, you submit to Board for approval information in connection with such changes together with your recommendation in the matter."

Approved.

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

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"Receipt is acknowledged of your letter of February 1, 1935, in which you state that the Board's letter of January 29 with regard to the salaries of officers of your bank was submitted at the meeting of your executive committee on February 1 and that, at that meeting, a salary at the rate of \$25,000 per annum was approved for Mr. H. P. Preston, Deputy Governor, for the year 1935.

"I have been requested to advise you that the Federal Reserve Board approves the salary fixed for Mr. Preston by your executive committee for the current year."

Approved.

Memorandum dated January 30, 1935, from the Committee on Salaries and Expenditures, submitting a letter dated January 15 from Governor Norris of the Federal Reserve Bank of Philadelphia, which requested certain changes in the personnel classification plan of the bank. The memorandum stated that inasmuch as the salary ranges of \$1800-\$2500 for Examiner for Industrial Advisory Committee; \$1320-\$1620 for Senior Clerk; \$900-\$1260 for Intermediate Clerk; and \$1320-\$1620 for Senior Stenographer, as recommended in Governor Norris' letter, appear not to be in conflict with the Board's position as set forth in its letter of January 5, the Committee recommends that they be approved. The memorandum also stated that under date of January 3, 1935, the Board approved the appointment of Mr. Zell G. Fenner as Chief Examiner in the Federal Reserve Agent's Department of the bank with salary at the rate of \$5,496 per annum, and the Committee recommends that the position of Chief Examiner be made an "appraised" position for the present, any change in the salary of a person occupying an appraised position requiring approval by the Board before it becomes effective; that in view of the

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statements contained in Governor Norris' letter it would appear that a salary of \$5,004 per annum for the Executive Secretary of the Industrial Advisory Committee would not be excessive, and the Committee recommends that the Federal reserve bank be advised that the Board is willing to approve a salary of \$5,004 for Mr. Moss, and to approve the designation of the position as "appraised", inasmuch as, on the basis of the information furnished to the Board, the approval of a maximum salary of \$6,000 per annum for the positions of Chief Examiner and Executive Secretary of the Industrial Advisory Committee would be in conflict with the Board's position as set forth in its letter of January 5, 1935; and that it would appear that the proposed salary of \$4,008 per annum to be paid to Mr. Bartholomew as Special Representative of the Liquidation Department of the bank, is not out of line with salaries paid by other banks for similar positions and, in view of the statements contained in Governor Norris' letter, the Committee recommends that the bank be advised that the Board is willing to approve the salary of \$4,008 per annum for Mr. Bartholomew, but that in keeping with the principles set forth in the Board's letter of January 5, it does not approve of an increase in the salary range for the position from \$3000-\$3780 to \$3000-\$4050.

Approved.

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



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"Receipt is acknowledged of your letter of January 25, 1935, with which was inclosed a copy of a letter from the State Security Bank, Brigham City, Utah, requesting permission for the retirement of \$15,000 of its outstanding capital debentures, and a copy of your reply thereto.

"The Board has given consideration to the bank's application, and, in view of the data contained in the correspondence submitted by you and in the latest report of examination of the bank, is unwilling to approve the application at this time.

"You are requested, therefore, to advise the bank that the Board has denied its application, with the understanding that, if desired, the matter may be reopened after the bank has been subject to another examination."

Approved.

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

"Reference is made to Mr. Evans' letter of January 30, 1935, regarding the action of The Home Banking Company, St. Marys, Ohio, in purchasing for cash from the First National Bank in St. Marys which was placed in voluntary liquidation on January 25, 1935, its notes receivable amounting to \$52,000 and the contemplated purchase from that bank for cash at market prices, of its securities investment account amounting to approximately \$203,000.

"It has been noted from your letter of January 22, 1935, that all of the assets acquired, or to be acquired, by The Home Banking Company in this connection, have been approved by the State Banking Department and by examiners for the Federal Reserve Bank of Cleveland and that the transactions involve only a purchase of assets which is being done to facilitate the liquidation of the national bank.

"In view of your comments and the statement of Mr. Evans that The Home Banking Company is assuming no liability in the transactions, and that the general character of the bank's assets has not, or will not be changed as a result thereof, the Board will not regard the transactions as outlined above as resulting in a violation of the general condition under which the bank was admitted to membership."

Approved.

Letter to the governors of all Federal reserve banks, reading as follows:

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"All of the Federal Reserve banks have adopted personnel classification plans which provide for the classification of employees into groups and grades and the fixing of a salary range for each non-official position in the bank, except positions designated as 'appraised'. The classification plan now in effect at each Federal Reserve bank follows, in a general way, the outline suggested by the committee on Classification of Personnel at Federal Reserve banks at their meeting in Chicago on April 8, 1929.

"As these plans have now been in effect for approximately 5 years, it is felt desirable to have them thoroughly reviewed in the light of the experience gained in their operation, with the view of simplifying them and, if practicable, putting them on a more nearly uniform and comparable basis. For this purpose the Board desires to call a conference of senior officers, representing all the Federal Reserve banks, who are familiar with the personnel classification plans. Prior to the calling of such a conference, however, it would be helpful if each bank would thoroughly review its own classification plan and work out in some detail any changes therein which it may have to suggest.

"Among the suggestions which have been made for a revision of the personnel classification plans are the elimination of the group and grade classifications, and changes in the present method of describing work performed and qualifications required with a view to bringing about a greater uniformity in the practice of the several Federal Reserve banks in this respect.

"The Board feels that, if practicable, such a conference should be held within the next two months, and following the receipt of replies from all Federal Reserve banks, including advice as to the name of the officer of each bank who will attend such a conference, the Board will fix the date and place of the meeting. In advising the Board of the name of your representative, it will be appreciated if you will at the same time indicate any specific questions with reference to the personnel classification plans which you would like to have considered at the conference."

Approved.

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

"In an receipt of your letters of January 23 and 28 in regard to salaries of officers and employees of the Federal Reserve Bank of St. Louis.

"I will be glad if you will advise the board of directors

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"of the bank of the Board's appreciation of the conservative policy which has been followed by the bank, as set forth in your letter of January 23 in regard to this matter, and that it is a source of satisfaction to the Board to learn that the directors of the bank have given the subject their close attention."

Approved.

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

"Reference is made to your letter of January 21, 1935, regarding eliminations made by 'Mercantile National Bank at Dallas', Dallas, Texas, prior to the issuance of limited voting permits to 'Equitable Securities Company' and Mercantile National Bank at Dallas on January 7, 1935.

"In view of the Board's letter of January 15, 1935 (X-9091), you have inquired whether or not the Mercantile National Bank at Dallas should be permitted to transfer \$31,272.75 (the amount of depreciation in Group 2 securities eliminated) 'from its deductible (unpublishable) reserve to its regular (publishable) reserve for contingencies, so that it may get the benefit of including this amount in its capital funds as published in its future condition reports.' You stated that such depreciation in securities was not classified as a loss at the latest examination and that the bank was extremely reluctant to include such depreciation in the eliminations made due to its anxiety to conserve its capital funds as much as possible.

"As pointed out in the first paragraph of the Board's letter of January 15, 1935 (X-9091), the Board still feels that the requirements as set forth in its letter of November 10, 1934 (X-9018), are a desirable basis, as a general rule, on which limited voting permits should be granted. However, in the circumstances, the Board will interpose no objection to the transfer of \$31,272.75 from the bank's 'deductible' or valuation reserve to its reserve for contingencies, provided that you still consider such transfer satisfactory and desirable and that the bank expressed a desire to make such adjustments in its records."

Approved.

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



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"There are inclosed the original and copies of a Clayton Act permit granted to Mr. Otis A. Thompson, Norwich, New York, to serve at the same time as director and officer of The National Bank and Trust Company of Norwich, Norwich, New York, as director of The First National Bank in Sidney, Sidney, New York, and as director of The Sherburne National Bank, Sherburne, New York, for the period ending January 14, 1936, for transmittal by you to the applicant and the banks involved, and a copy for your files.

"In considering the application of Mr. Thompson it was noted that he had apparently violated Section 22 (g) of the Federal Reserve Act and that this apparent violation had been reported to the United States District Attorney at Syracuse.

"The Board feels that, in connection with applications involving possible violations of law, even though of a technical nature, definite information should be obtained regarding the disposition which was made of such cases before permits under the provisions of the Clayton Act are issued. You are requested, therefore, to ascertain the status of the charges against Mr. Thompson, if any, and in the event the case has been duly considered and closed without prosecution, you are authorized to release the inclosed permit to Mr. Thompson and forward copies thereof to the banks involved, at the same time furnishing the Board with complete information with respect to the disposition of this matter in order that its records may be complete.

"In the event that the permit is sent to the applicant and copies thereof to the banks involved, please advise them that the permit has been issued so as to expire at the close of January 14, 1936, as it is the purpose of the Board to recommend the enactment of legislation by the Congress at this session clarifying and otherwise amending the provisions of the Clayton Act relating to interlocking bank directorates."

Approved.

Letter to Mr. A. P. Giannini, Palm Beach, Florida, reading as follows:

"The day following the receipt of your letter of January 24 in regard to the matter of your service as a consigliere of Banca d'America e d'Italia, Milan, Italy, the Board received a letter also dated January 24 from Mr. S. G. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, in which he advised that you are no longer serving as an officer and director of the Bank of America, San Francisco, California (State bank).

"In the circumstances, the Board has issued to you, and

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"there is transmitted herewith, a permit covering your services as a director of The National City Bank of New York, New York, New York, as a director and officer of the Bank of America National Trust and Savings Association, San Francisco, California, and as a consigliere of Banca d'America e d'Italia, Milan, Italy.

"The inclosed permit has been issued so as to expire at the close of January 14, 1936, as it is the purpose of the Board to recommend the enactment of legislation by the Congress at this session clarifying and otherwise amending the provisions of the Clayton Act relating to interlocking bank directorates.

"A copy of this letter and a copy of the inclosed permit are being sent to each of the banks involved, to the Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, and to the Federal Reserve Agent at the Federal Reserve Bank of New York, for their information and records."

Approved.

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

"There are inclosed the original and copies of Clayton Act permits granted to Messrs. Mac. H. Beale and B. B. Ferguson, Portsmouth, Virginia, for permission under the provisions of the Clayton Act to serve at the same time as directors of American National Bank of Portsmouth and as directors and/or officer of Citizens Trust Company, both of Portsmouth, Virginia, for the period ending January 14, 1936, for transmittal by you to the applicant and the banks involved and a copy for your files.

"It appears that American National Bank of Portsmouth and Citizens Trust Company are engaged largely in different types of business and do not compete substantially. It appears also that Messrs. Beale and Ferguson have been associated in the directorate or management of both banks for approximately fifteen years, that there appears to be a close management affiliation between the two banks and that the Citizens Trust Company is said to have been originally organized by interests of the American National Bank of Portsmouth for the purpose of handling business that the national bank was precluded by national banking laws from handling. Therefore, in accordance with the policy set forth in the Board's letter of January 9, 1935 (X-9082), the applications have been approved.

"When the permits are sent to the applicants and copies thereof to the banks involved, please advise them that the permits have been issued so as to expire at the close of



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"January 14, 1936, as it is the purpose of the Board to recommend the enactment of legislation by the Congress at this session clarifying and otherwise amending the provisions of the Clayton Act relating to interlocking bank directorates."

Approved.

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

Mr. Mac. H. Beale, for permission to serve at the same time as a director of the American National Bank of Portsmouth, Portsmouth, Virginia, and as a director of the Citizens Trust Company, Portsmouth, Virginia, for the period ending January 14, 1936.

Mr. B. B. Ferguson, for permission to serve at the same time as a director of the American National Bank of Portsmouth, Portsmouth, Virginia, and as a director and officer of the Citizens Trust Company, Portsmouth, Virginia, for the period ending January 14, 1936.

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

"Reference is made to your letter of January 9, 1935, submitting additional information relative to the applications of Messrs. Frank D. Lawrence, Vernon A. Brooks, H. E. Dorin, and C. C. Hall, all of Portsmouth, Virginia, for permission under the provisions of the Clayton Act to serve at the same time as directors and/or officers of American National Bank of Portsmouth and Citizens Trust Company, both of Portsmouth, Virginia, which were not approved by the Board as set forth in its letter of December 26, 1934, to you.

"The Board has reconsidered these applications, and since the banks involved are engaged largely in different types of business and do not appear to compete substantially, it has, in accordance with the policy set forth in its letter of January 9, 1935, (X-9082), granted the permits to Messrs. Lawrence, Brooks, Dorin and Hall for the period ending January 14, 1936. There are inclosed the original and copies of the permits granted to these individuals for transmittal by you to the applicants and the banks involved and copies for your files.

"When the permits and copies thereof are sent to the applicants and the banks involved, please advise them that

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"the permits have been issued so as to expire at the close of January 14, 1936, as it is the purpose of the Board to recommend the enactment of legislation by the Congress at this session clarifying and otherwise amending the provisions of the Clayton Act relating to interlocking bank directorates."

Approved.

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

Mr. Frank D. Lawrence, for permission to serve at the same time as a director and officer of the American National Bank of Portsmouth, Portsmouth, Virginia, and as a director of the Citizens Trust Company, Portsmouth, Virginia, for the period ending January 14, 1936.

Mr. Vernon A. Brooks, for permission to serve at the same time as a director of the American National Bank of Portsmouth, Portsmouth, Virginia, and as a director of the Citizens Trust Company, Portsmouth, Virginia, for the period ending January 14, 1936.

Mr. H. E. Dorin, for permission to serve at the same time as a director of the American National Bank of Portsmouth, Portsmouth, Virginia, and as a director of the Citizens Trust Company, Portsmouth, Virginia, for the period ending January 14, 1936.

Mr. C. C. Hall, for permission to serve at the same time as a director of the American National Bank of Portsmouth, Portsmouth, Virginia, and as a director of the Citizens Trust Company, Portsmouth, Virginia, for the period ending January 14, 1936.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, stating that the Board has reconsidered the following Clayton Act applications and has granted permits for the period ending January 14, 1936:

Mr. Harry O. Coughlan, for permission to serve at the same

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time as a director and officer of The First National Bank of Nutley, Nutley, New Jersey, and as a director of the Bank of Nutley, Nutley, New Jersey, for the period ending January 14, 1936.

Mr. Marion L. Lewis, for permission to serve at the same time as a director and officer of The First National Bank of Nutley, Nutley, New Jersey, and as a director of the Bank of Nutley, Nutley, New Jersey, for the period ending January 14, 1936.

Approved.

Letter to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, transmitting the following Clayton Act permit and requesting that prior to the release of the permit he satisfy himself that the applicant is not an officer, director or employee of any nonbanking corporation or a member of a partnership which makes loans on the security of stock or bond collateral within the contemplation of section 8A of the Clayton Act:

Mr. Carlton O. Gorder, for permission to serve at the same time as a director and officer of The First National Bank of Deadwood, Deadwood, South Dakota, and as a director of the Bank of Spearfish, Spearfish, South Dakota, for the period ending January 14, 1936.

Approved.

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

Mr. Henry H. Mandle, for permission to serve at the same time as a director of the Clinton Trust Company, New York, New York, and as a director of the Closter National Bank and Trust Company, Closter, New Jersey, for the period ending January 14, 1936.

Mr. W. A. Ranney, for permission to serve at the same time as a director and officer of the Ossining Trust Company, Ossining, New York, as a director and officer of The First National Bank



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of Croton on Hudson, Croton on Hudson, New York, and as a director of The First National Bank of Hastings-upon-Hudson, Hastings-upon-Hudson, New York, for the period ending January 14, 1936.

Mr. Charles A. Turner, for permission to serve at the same time as a director of The Delaware County National Bank of Chester, Chester, Pennsylvania, and as a director of The Ridley Park National Bank, Ridley Park, Pennsylvania, for the period ending January 14, 1936.

Mr. Henry H. McKee, for permission to serve at the same time as a director and officer of The National Capital Bank of Washington, Washington, D. C., and as a director and officer of The East Washington Savings Bank of Washington, Washington, D. C., for the period ending January 14, 1936.

Mr. Julian B. Baird, for permission to serve at the same time as a director of The First National Bank of Saint Paul, St. Paul, Minnesota, and as a director of the Grand Avenue State Bank, St. Paul, Minnesota, for the period ending January 14, 1936.

Mr. M. J. Crowe, for permission to serve at the same time as an employee of the Northwestern National Bank and Trust Company of Minneapolis, Minneapolis, Minnesota, and as a director of The First National Bank of Breckenridge, Breckenridge, Minnesota, for the period ending January 14, 1936.

Mr. E. C. Hickman, for permission to serve at the same time as a director of The First National Bank of Windsor, Windsor, Colorado, and as a director and officer of The First National Bank in Boulder, Boulder, Colorado, for the period ending January 14, 1936.

Mr. F. L. Merchant, for permission to serve at the same time as a director of the Westport Avenue Bank, Kansas City, Missouri, and as a director of The Stock Yards National Bank of Kansas City, Kansas City, Missouri, for the period ending January 14, 1936.

Mr. L. P. Atmar, for permission to serve at the same time as a director and officer of The First National Bank in Groveton, Groveton, Texas, as a director and officer of the Trinity State Bank, Trinity, Texas, and as a director and officer of the Citizens State Bank of Corrigan, Corrigan, Texas, for the period ending January 14, 1936.

Mr. C. E. Deahl, for permission to serve at the same time as

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a director and officer of The First National Bank in Wellington, Wellington, Texas, and as a director and officer of The First State Bank, Panhandle, Texas, for the period ending January 14, 1936.

Mr. J. G. Nisbett, for permission to serve at the same time as a director and officer of The First State Bank, Dodsonville, Texas, and as a director and officer of The First National Bank in Wellington, Wellington, Texas, for the period ending January 14, 1936.

Approved.

Thereupon the meeting adjourned.

Robert M. Noyes  
Secretary.

Approved:

W. C. Steeles  
Governor.