

A meeting of the Federal Reserve Board was held in Washington on Thursday, March 14, 1935, at 2:15 p. m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

The Board acted upon the following matters:

Telegram from Mr. Hoxton, Chairman of the Federal Reserve Bank of Richmond, advising that, at the 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.

Memorandum dated March 12, 1935, from Mr. Morrill, reading as follows:

"It is assumed that it is the desire of the members of the Board to continue in operation the system by which each appointive member serves in rotation on the executive committee for a period of two months as chairman in the absence of the governor and vice governor, and also acts during that period as chairman pro tempore of the Board in the absence of the Secretary of the Treasury, the governor and vice governor. Mr. Hamlin having served during the last period of two months in 1934, the continuation of the system during 1935 called for the following rotation:

Mr. Miller, January and February;
Mr. James, March and April;
Mr. Szymczak, May and June;
Mr. Hamlin, July and August;

and thereafter in the same order.

"Accordingly, it is suggested that the Board formally continue this system in effect until changed by further order of the Board."

Approved.

3/14/35

-2-

Memorandum dated March 7, 1935, from Mr. Parry, Chief of the Division of Security Loans, requesting that an invitation be extended to Mr. Kenneth L. Smith, Assistant Secretary of the Chicago Stock Exchange, to come to Washington as soon as possible for a period of two or three days, to advise with the Division of Security Loans concerning plans for the enforcement of the Board's Regulation "T". The memorandum also requested approval of the payment by the Board of Mr. Smith's travelling and subsistence expenses in connection with the trip.

Approved.

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

"Your letter March 13. Board approves temporary appointment of Carl B. Baldt as assistant examiner in Federal Reserve Agent's department your bank. Please advise effective date."

Approved.

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

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Putnam County National Bank of Carmel', Carmel, New York, from \$100,000 to \$50,000, pursuant to a plan which provides for the sale of \$50,000 of Class 'B' preferred stock locally, the release of the directors' guaranty bond now held by the bank, and the use of the released capital in eliminating a corresponding amount of the least desirable assets in the bank, all as set forth in your memorandum of March 6, 1935."

Approved.

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

3/14/35

-3-

"In accordance with Acting Comptroller Awalt's recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Plainfield', Plainfield, New Jersey, from \$220,000 to \$44,000, pursuant to a plan which provides that the bank's capital shall be increased by the sale of \$550,000 of preferred stock to the Reconstruction Finance Corporation and \$62,000 of new common capital stock to local interests, and that the released capital shall be used to eliminate a corresponding amount of unsatisfactory assets, all as set forth in Mr. Awalt's memorandum of February 25, 1935.

"In considering the plan under which the capital reduction is to be effected, it has been noted that the remaining securities depreciation, if considered as a loss, would seriously impair the bank's capital and that in addition the bank will still be burdened with an excessive volume of slow and doubtful assets and a heavy investment in banking house and furniture and fixtures. It is assumed, however, that you have these conditions in mind and that whenever it is feasible to do so you will require such further corrections as may be practicable."

Approved, together with a memorandum from Mr. Baumann, Assistant Counsel, stating that on the basis of the information available to the Board the Artcol Investing Company, Inc., Plainfield, New Jersey, is not a holding company affiliate of The First National Bank of Plainfield and therefore a voting permit is not necessary.

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

"Question raised by your letter of January 12, 1935, involving reconsideration of Board's general policy in granting voting permits has not yet been acted upon and in the circumstances Board extends to April 15, 1935, the time within which 'First Trust Company of Philadelphia', Philadelphia, Pennsylvania, may accomplish its membership and within which 'The First National Bank of Philadelphia', Philadelphia, Pennsylvania, its holding company affiliate, may obtain a voting permit. Please advise banks accordingly."

Approved.

Telegrams to Mr. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, authorizing him to issue limited

3/14/35

-4-

voting permits to "Almours Securities, Inc.", Jacksonville, Florida, and "Florida National Group, Inc.", Jacksonville, Florida, entitling such organizations to vote the stock which they own or control in "The Florida National Bank and Trust Company at Miami", Miami, Florida, for the purposes set forth in the telegrams.

Approved.

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

"Retel March 11 regarding question whether Roy Town Site Company is holding company affiliate of First National Bank, Roy, New Mexico. It appears that company owns 105 of 250 outstanding shares of bank's stock, and that 128 shares were voted at last election of directors of bank, none of which belonged to company. From facts stated it does not appear that company is holding company affiliate."

Approved.

Letter to Honorable J. Hamilton Lewis, United States Senator, reading as follows:

"Reference is made to your letter of February 11 with inclosure of a letter and memorandum from Mr. Walter Metzenbaum, President of the John Wieland Brewing Company, San Francisco, California, regarding the application of Mr. Metzenbaum's company to the Federal Reserve Bank of San Francisco for a loan under the terms of Section 13b of the Federal Reserve Act.

"In his memorandum Mr. Metzenbaum states that Governor Eccles' letter of January 29 to Senator Bulkley would give the impression that the brewery ceased operation when prohibition was adopted. The statement in Governor Eccles' letter that 'the brewery was operated in pre-prohibition days by a different company from the applicant' was not intended and does not appear to imply that the company had ceased all operation; it was merely intended to make clear, as further pointed out in Governor Eccles' letter to Senator Bulkley, that the applicant 'is a recently organized company not connected as to ownership and personnel of management with the former Wieland brewery'. It

3/14/35

-5-

"also appears that the old John Wieland brewery ceased brewing in 1926, purchased 'near' beer from another brewery until April 1933, and since April 1933 has sold no beer whatever.

"Mr. Metzenbaum also takes exception to statements that the valuations used in the company's balance sheet were furnished by the applicant and in no way indicated the Federal Reserve bank's estimate of the liquidating value of the property, and that the appraisals referred to were prepared in connection with an application to the State Corporation Commissioner for a permit to sell stock. These statements were merely intended to bring out that the valuations and appraisals of assets, as shown in the balance sheet, were not made by or for the account of the Federal Reserve bank. How and by whom these valuations and appraisals were made is immaterial, however, since all factors in connection with the application were taken into account and, in the light of all the available information, the Industrial Advisory Committee and the Federal Reserve bank concluded that the loan could not be made on a reasonable and sound basis as required by law.

"Mr. Metzenbaum's other point relates to the question of the eligibility of his company for a loan as an 'established industrial or commercial business', under the terms of Section 13b of the Federal Reserve Act. This point was covered in the last paragraph of the Board's letter to you of January 30. Mr. Metzenbaum says that the question of eligibility was raised at the time of the application, and that Wieland's Inc., which appears to be the present owner or one of the present owners of the property, agreed, if necessary, to make application for the loan, but that he was advised by officials of the Federal Reserve bank that the application should be made by his corporation, the John Wieland Brewing Company. He further states that 'after proceeding on the advice of the officials of the Federal Reserve Bank', he was advised that he had 'proceeded in a manner that raises the question of eligibility', and that this was not fair.

"The suggestion that the application should be made by Mr. Metzenbaum's company rather than by Wieland's Inc., was not made with any idea of obstructing the loan. The application was rejected, as previously stated, because the loan could not be made on a reasonable and sound basis, as required by law, and not because the application was submitted in the name of John Wieland Brewing Company instead of Wieland's, Inc. However, counsel for the Federal Reserve Bank of San Francisco has rendered an opinion that the application cannot be construed as that of 'an established industrial or commercial business' within the terms of the law.

"If Mr. Metzenbaum has additional information which was not available to the Industrial Advisory Committee and the

3/14/35

-6-

"Federal Reserve bank at the time his application was under consideration, it is suggested that he submit it to the Federal Reserve Bank of San Francisco and request that his application be reconsidered. As you are aware, final decision on industrial loan applications rests with the Federal Reserve banks.

"The letter from Mr. Metzenbaum, inclosed in your letter of February 11, is returned herewith as requested."

Approved.

Letters to Mr. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, inclosing the following amended Clayton Act permits for transmission to the applicants:

Mr. G. R. Griffin, to serve at the same time as a director and officer of The Exchange National Bank of Tampa, Tampa, Florida, and as a director of the Hernando State Bank, Brooksville, Florida, for the period ending January 14, 1936.

Mr. J. K. Williamson, to serve at the same time as a director of the Central Farmers Trust Company, West Palm Beach, Florida, and as a director and officer of the First National Bank in Palm Beach, Palm Beach, Florida, for the period ending January 14, 1936.

Approved.

Letter to Mr. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, stating that the Board has given consideration to the following application for a permit under the Clayton Act, and that, upon the basis of the information before it, feels that the issuance of the permit applied for would be incompatible with the public interest:

Mr. L. G. Hardman, Jr., for permission to serve at the same time as a director of the Northeastern Banking Company, Commerce, Georgia, and as a director of The First National Bank of Commerce, Commerce, Georgia.

The letter also requested the agent to communicate to the applicant

3/14/35

-7-

the Board's position in the matter, and to advise the Board promptly as to whether the applicant desires to submit any additional data, and, if not, as to what steps he proposes to take in order to comply with the provisions of the Clayton Act.

Approved.

Letters to applicants for permits under the Clayton Act advising respectively of the issuance of permits by the Board as follows:

Mr. M. K. Hunter, to serve at the same time as a director of The Liberty National Bank & Trust Company of Savannah, Savannah, Georgia, as a director of The First National Bank & Trust Company in Macon, Macon, Georgia, and as an officer of the Trust Company of Georgia, Atlanta, Georgia, for the period ending January 14, 1936.

Mr. H. H. Turner, to serve at the same time as a director and officer of the Hardin County National Bank in Eldora, Eldora, Iowa, and as a director and officer of the Farmers Savings Bank, Steamboat Rock, Iowa, for the period ending January 14, 1936.

Mr. J. van Houten, to serve at the same time as a director of The Denver National Bank, Denver, Colorado, and as a director and officer of the First National Bank in Raton, Raton, New Mexico, for the period ending January 14, 1936.

Approved.

Thereupon the meeting adjourned.

Robert Moriel
Secretary.

Approved:

W. C. Steeles
Governor.