

A meeting of the Federal Reserve Board was held in Washington on Thursday, March 21, 1935, at 11:30 a. m.

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

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

The minutes of the meeting of the Federal Reserve Board held on March 14, 1935, were approved.

The Board then acted upon the following matters:

Telegrams dated March 20, 1935, from Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, and Mr. Wood, Chairman of the Federal Reserve Bank of St. Louis, both advising that, at meetings of the boards of directors on that date, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

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

"Your telegram March 20. Board approves for your bank following schedule of rates on industrial advances effective March 22: Advances direct to industrial or commercial concerns  $5\frac{1}{2}\%$  to  $6\%$  per annum. Advances to financing institutions,  $3\%$  on portion for which institution is obligated and  $3\frac{1}{2}\%$  on remaining portion. Commitments to make advances  $\frac{1}{2}\%$  to  $1\%$  per annum. Board notes with approval from your telegram that board of directors of your bank, at its meeting on March 20, made no changes in your existing schedule of rates of discount and purchase other than establishment of rates referred to above."

Approved.

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Memorandum dated March 18, 1935, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Lois A. Crim, who has been employed temporarily as a stenographer in that division since July 26, 1934, be given a permanent status, with no change in her present salary at the rate of \$1,440 per annum, effective as of the date upon which she passes a satisfactory physical examination.

Approved.

Memorandum dated March 16, 1935, from Mr. Goldenweiser, Director of the Division of Research and Statistics, stating that Mrs. Ruth H. Porter has tendered her resignation as an employee in that division, and recommending that, in view of her long service, she be granted thirty days' leave of absence with pay, and that her resignation be accepted effective as of April 3, 1935.

Approved.

Memorandum dated March 19, 1935, from Mr. Morrill, reading as follows:

"Following the approval by the Board in 1935 of the deposit of its funds with the Federal Reserve Bank of Richmond an arrangement was made with the Federal Reserve Bank of Cleveland for audits of the Board's accounts four times each year with irregular intervals by Mr. F. V. Grayson, Auditor of the Cleveland bank. The Board reimburses the bank for the traveling expenses of the auditors, plus an allowance for each auditor of \$5.00 per diem in lieu of subsistence and \$5.00 as additional compensation for each day spent in Washington. It is believed that Mr. Grayson's audits have been most thorough and constructive and all of his reports have been brought to the attention of the board.

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"The arrangement with the Cleveland bank was for a period of two years and will expire on June 30, 1935. While it was thought, when the original arrangement was made, that some system of rotation could be worked out under which auditors of other Federal reserve banks which are relatively near to Washington might be used, this is not considered practicable at the present time. However, it is understood that the Federal Reserve Bank of Cleveland is willing to continue the present arrangement, and it is suggested that this be authorized for another year. Mr. Smead has discussed this subject informally with Mr. Walden of Richmond and Governor Fleming of Cleveland and they indicated their concurrence with this recommendation.

"A memorandum dated March 16, 1935, from the Board's Fiscal Agent, outlining briefly the procedure followed in handling and checking the Board's accounts, is attached."

Approved.

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

"Under date of August 16, 1934, you were advised that the Board approved the appointment of Mr. W. F. Sheehan as Chief Examiner and head of the force of examiners in the field, with salary at the rate of \$12,000 per annum. This position was not provided for in the bank's personnel classification plan and a revised page covering the position was later requested by the Division of Bank Operations. Advice was subsequently received over the telephone that Mr. Sheehan's position was considered as 'official' and for this reason the Board had not been furnished with a revised Form A page covering the position.

"It is noted that Mr. Sheehan's name is shown in the list of officers for 1935 recently submitted by your bank and your attention is directed to the fact that the position of 'Chief Examiner' has not heretofore been regarded as an 'official' position.

"In its letter X-3532 of October 5, 1922, the Board advised the Federal Reserve banks of the titles which, for comparative purposes, it would regard as designating official positions and this list has with one or two exceptions, been followed since that date. The exceptions are the positions of 'Economist' and 'General Statistician' at your bank and certain modifications in the titles of 'Auditor' and 'Counsel' such as



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"General Auditor' and 'General Counsel'.

"Before deciding whether to classify the position of Chief Examiner as an 'official' position, the Board feels that it should obtain the views of all Federal Reserve banks on the question of whether any changes should be made in the list of titles which, for comparative purposes, have previously been regarded as designating official positions. Accordingly, a copy of the inclosed letter has been sent to each other Federal Reserve bank and it will be appreciated if you will also advise the Board of any changes which in the opinion of your directors should be made in the list of titles contained in the Board's letter of October 5, 1922, together with their reasons for such changes."

Approved, together with a letter to the Chairmen of the other Federal reserve banks, reading as follows:

"In the Board's letter X-3532 of October 5, 1922, a copy of which is attached, the Board advised the Federal Reserve banks of the titles which, for comparative purposes, it would regard as designating official positions and this list has, with one or two exceptions, been followed since that date. The exceptions are the positions of 'Economist' and 'General Statistician' at one of the Reserve banks and certain modifications in the titles of 'Auditor' and 'Counsel' such as 'General Auditor' and 'General Counsel'.

"Recently, the Board was informally advised that the directors of one of the Federal Reserve banks feel that the position of 'Chief Examiner' in the Federal Reserve Agent's department should also be classed as an official position.

"The Board appreciates the fact that the activities of the Federal Reserve banks have changed materially since 1922, particularly in the Federal Reserve Agent's department, and consequently it may be desirable to revise the list of titles which, for comparative purposes, have previously been regarded as designating official positions. Accordingly, it will be appreciated if you will advise the Board of any changes which in the opinion of your directors should be made in the list of titles contained in the Board's letter of October 5, 1922, together with their reasons for such changes."

Letter dated March 20, 1935, approved by five members of the Board, to Mr. Sailer, Deputy Governor of the Federal Reserve Bank of



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New York, reading as follows:

"Mr. James has brought to the attention of the Board your letter to him of March 15, requesting approval in principle of the practice followed by your bank since 1921 of extending the annual leave of employees under certain conditions specified in your letter beyond the regular vacation which would customarily be granted by your bank.

"It appears that, during the recent examination of your bank, Federal Reserve Examiner Drinnen called to your attention certain cases which apparently came within the purview of the Board's letter dated December 5, 1932 (X-7303), which requires that advance approval be obtained from the Board. It appears also that such absences have arisen through the policy of your bank of permitting employees to take additional leave in order to attend Citizens Military Training Camps or National Guard Camps and of excusing employees with full pay for not to exceed one week at the time of their marriage. It appears further that in the case of absences to attend camps not in excess of two weeks' additional leave has been granted to any employee.

"The Federal Reserve Board interposes no objection to the policy followed by your bank in this connection, and will not require that its advance approval be obtained in cases of the kind described in your letter."

Approved.

Memorandum dated March 14, 1935, from the Committee on Salaries and Expenditures, submitting a letter dated March 6 from Governor Hamilton of the Federal Reserve Bank of Kansas City, advising that the changes in the personnel classification plan of the bank recommended in Deputy Governor Helm's letter of January 7, have been reconsidered in the light of the Board's letter of January 5, 1935, and requesting approval by the Board of certain changes now proposed to be made in the personnel classification plan of the head office and its Denver branch. The Committee recommended, for the reasons stated in the memorandum, that such changes be approved with the exception of the title for the

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position of "General Clerk" in the auditing department and the description of work for the position of "assistant shipping teller" in the currency and coin department, and with the suggestion to the bank that the title for the position of "General Clerk" be changed to "Supervisor", and that the description of the duties of position of "Assistant Shipping Teller" be changed so as to more accurately reflect the duties of such position.

Approved.

Letter to Governor Hamilton of the Federal Reserve Bank of Kansas City, reading as follows:

"Reference is made to your letter of February 25 requesting information as to whether the Federal Reserve bank, instead of purchasing an additional annuity as authorized in the Board's letter, X-9051, of December 26, 1934, may make direct contributions to a retired employee providing the total of such contributions is not in excess of the cost of the maximum additional annuity authorized.

"Special direct contributions such as you describe would represent in effect a life annuity of not to exceed a fixed amount for any one year or in the aggregate, payable to such extent as the Federal Reserve bank might from time to time consider desirable. It is not believed that benefits payable to retired employees should be subject to variation from time to time at the discretion of the Federal Reserve bank. There does not appear to be any advantage in the direct payment of annuities in lieu of the purchase of such annuities from the Retirement System unless direct payment be confined to cases where the life expectancy of the annuitant was thought to be less than normal. Such a selection of risks, if successfully made, would, of course, be detrimental to the Retirement System.

"If the Federal Reserve bank desires to grant Mr. Greenhagen a life annuity rather than a cash refund annuity, it may do so under the authority granted in the Board's letter X-9051, of December 26, 1934, and it is understood that the cost of a life annuity of \$174.67 would be in the neighborhood of \$1,200,

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"as compared with about \$1,600 for a cash refund annuity of like amount. In this connection it is understood that the regular retirement allowance of \$225.36 to which Mr. Greenhagen is entitled includes an annuity of \$12.24 provided by his own voluntary contributions. If so, the maximum cash refund retirement allowance that could be granted Mr. Greenhagen under the authority given by the Board's December 26 letter would be \$412.24, rather than \$400 as indicated in your letter."

Approved.

Letter to the board of directors of "The First State Bank of Tonganoxie", Tonganoxie, Kansas, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City.

Approved.

Letter to the board of directors of the "McDonald State Bank", North Platte, Nebraska, stating that, subject to the conditions prescribed in the letter, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Kansas City.

Approved.

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

"Reference is made to Mr. Dillistin's letter of March 11, 1935, transmitting the request of the 'Union Trust Company of Endicott', Endicott, New York, for permission to retain in its assets 25 shares each of the stock of the Bankers Trust Company, New York, and the National City Bank, New York, which were purchased by the bank in February 1933, at a cost of \$2,825.02 in



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"apparent violation of membership condition numbered 3, which reads as follows:

'Except after applying for and receiving the permission of the Federal Reserve Board, you shall not acquire an interest in any other bank or trust company through the purchase of stock in such other bank or trust company.'

"It is noted that the bank has stated that the additional shares which it has acquired and which it now requests permission to retain were purchased 'for the purpose of bettering our Investment Account in these stocks.'

"The Board, as you know, feels that stocks are not suitable for the investment of funds of member banks, but, in view of the small amount involved, will interpose no objection to the retention by the Union Trust Company of Endicott, for the time being, of the 25 shares each of the stock of the Bankers Trust Company, New York, and the National City Bank, New York, which were acquired in February 1933, and it is requested that you advise the bank accordingly. It is requested also that you remind the bank of the fact that under the provisions of Section 9 of the Federal Reserve Act, as amended by Section 5 (c) of the Banking Act of 1933, approved June 16, 1933, State member banks may not legally purchase stock of other corporations after that date, except in the limited classes of cases in which national banks may lawfully do so."

Approved.

Letter dated March 20, 1935, approved by four members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"This refers to your letter of March 6, 1935, and to the previous correspondence and discussions with representatives of The Real Estate-Land Title and Trust Company, Philadelphia, Pennsylvania, with regard to the proposed plan of transferring the title business of the trust company to a new corporation to be organized for that purpose.

"It is understood that the trust company was incorporated in 1885 as a title insurance company and subsequently acquired banking and fiduciary powers. The trust company has stated that it wishes to make such adjustments as may be necessary to make it eligible for admission to the Federal Reserve System, including particularly the segregation of its title business

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"in such manner as to terminate the transaction of this kind of business by the trust company. Accordingly, the trust company has asked the Board whether it would be considered eligible for membership in the System if it should transfer its title business, with adequate capital, to a new corporation which would be wholly owned by the trust company. The plan contemplates that the trust company, itself, would not write any title insurance policies after the transfer of its title business to the new corporation, which would reinsure the trust company against loss on any outstanding policies. The Board understands that the new corporation would conduct only a title business. The Board also understands that the trust company feels that it would not be feasible to divorce its title business entirely from the trust company at this time in view of the interest which the Reconstruction Finance Corporation has in all of the assets of the trust company through its ownership of preferred stock in the institution.

"You state that you believe the proposed plan is sound and that, if upon examination you find that the condition of the trust company is otherwise satisfactory, you will be glad to recommend it for membership in the Federal Reserve System. The Board of Directors of the Federal Reserve Bank of Philadelphia has recommended that the plan of segregating the title business from the banking and trust business of The Real Estate-Land Title and Trust Company by the formation of a new company with title powers and the holding of stock of such company by the trust company be approved on the understanding that the approval is limited to the single step, and is applicable to any corporation in the same position and is not to be taken as an agreement to approve any future application for membership which would have to be determined upon the facts then presented.

"The Board has given careful consideration to the matter and you are requested to advise The Real Estate-Land Title and Trust Company that on the basis of the facts described above, if the trust company is in an otherwise satisfactory condition, it will not be considered as ineligible or unacceptable for membership in the Federal Reserve System if at the time of application for membership it lawfully owns the stock of a title corporation which reinsures the trust company against losses on outstanding policies and engages solely in the title insurance business. However, please also advise the trust company that the Board as a general policy does not look with favor on the practice of a member bank engaging in business indirectly through a subsidiary which the bank is not permitted to engage in directly. If the trust company is admitted to

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"membership, therefore, it is believed that it should dispose of the stock in the proposed title company when its relations with the Reconstruction Finance Corporation so permit and the distribution of the stock or other plan of disposal is justified by the capital position of the trust company. It will be expected that the bank, if admitted to membership, will use its best efforts to meet the Board's views in the matter.

"You will understand that the Board's views on this matter are applicable only to the question of the possible admission of the trust company to membership in the Federal Reserve System and the Board has not attempted to pass upon what amendments to the State law, if any, should be enacted in order to enable The Real Estate-Land Title and Trust Company to put the plan into effect nor to determine what position should be taken on this question by the State authorities. You are requested to make the Board's position on this point entirely clear to the trust company.

"It is also understood, of course, that the opinion expressed in this letter refers only to the general plan as proposed, and that in all other respects the Board's action upon an application for membership, if submitted, will be dependent upon the circumstances existing at that time."

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 March 9, 1935, with which was inclosed copy of a resolution adopted by the directors of 'The Brewster Banking Company', Brewster, Ohio, whose application for membership in the Federal Reserve System was approved by the Board on January 12, 1935, subject to certain conditions, to the effect that the bank would take no action at this time toward accomplishing its membership.

"Accordingly, the application of The Brewster Banking Company for membership will be considered as having been withdrawn. The papers comprising the application will be retained as a part of the permanent files of the Board."

Approved.

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



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"Reference is made to Mr. Evans' letter of March 9, 1935, transmitting the request of 'The Ashland Bank and Savings Company', Ashland, Ohio, for permission to invest an amount not to exceed \$40,000 in a building to be used as banking quarters.

"In view of the recommendation of your office and the fact that the investment of such an amount does not appear to be unduly large or improper or otherwise violate the spirit or purpose of condition numbered 8, prescribed in connection with the bank's application for membership, the Board interposes no objection to such investment in an amount not to exceed \$40,000 and it is requested that you advise the bank accordingly.

"It is suggested that you acquaint the bank with the Board's views, which are known to your office, with respect to making adequate provision for depreciation in banking quarters owned."

Approved.

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

"Reference is made to your letter of January 25, 1935, regarding certain apparent violations of the conditions of membership referred to in the report of examination of 'The Louisville Trust Company', Louisville, Kentucky, as of October 6, 1934. It has been noted that, in view of the interpretation given in the Board's letter of December 21, 1934, the examination did not disclose a violation of condition of membership numbered 7 and that the violation of condition numbered 22 has since been corrected through the sale of its own stock held indirectly by the bank.

"The examiner reported that, in apparent violation of condition of membership numbered 17, the trust department of the bank had purchased \$4,800 Louisville Trust Company collateral trust notes. The examiner stated that this represented the reinvestment of a liquidating dividend paid on the issue and was made to keep intact the original investment to provide for an annuity under a contract entered into prior to the admission of the bank to membership. You state that the apparent violation would seem to be an inconsequen-

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"tial matter and probably unavoidable. In the circumstances, therefore, no action will be taken regarding the matter.

"Condition of membership numbered 20 reads in part as follows:

'Such bank shall not directly or indirectly, through any device whatever, engage in the business of dealing in real estate either for its own account or as agent for others or of acting as agent for others in the renting of real estate....'

"The examiner reports that although the real estate department of the bank is primarily engaged in handling the real estate owned by the bank or taken as security to mortgages or held in various trust estates, the department also acts as agent for various individuals in the collecting of rents on a commission basis. He also states that no new outside business is taken and that the department is handling only such business as it handled at the time of admission to membership and that the management feels that the intent of the condition has not been violated. In reply to your letter regarding the matter, the president of the bank stated that the present income from the rental business is only \$2,700 a year and that it is necessary to maintain a rental organization to handle the real estate which the bank manages in order to protect its loans and assets and to handle certain real estate of trust estates. The president also stated that the elimination of the small amount of this rental business would not reduce the overhead in the real estate department and has asked that the bank be permitted to retain present business. In transmitting the letter of the president of the bank, you recommend that the Board amend condition of membership numbered 20 in order to permit the bank to continue to handle the rental accounts which it had at the time of admission to membership.

"Condition of membership numbered 20 as prescribed was not intended to restrict the bank in handling its own real estate or in such management of other properties as may be necessary to protect its loans or in such real estate activities as are incidental to the exercise of its trust functions.

"In view of the information submitted, the Board will not regard the continuation of the rental accounts held by the bank at the time advice was received of approval of its application for membership as constituting a violation of condition numbered 20."

Approved.

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



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as follows:

"Receipt is acknowledged of your memorandum of March 1, 1935, with reference to the proposed capital readjustment of 'The First National Bank of Wayne', Wayne, Nebraska, which was approved by the Board January 8, 1934, in accordance with a plan which provided for a reduction in the common capital stock from \$75,000 to \$25,000, the sale of \$25,000 of preferred stock to the Reconstruction Finance Corporation, and the use of the released capital, together with a voluntary and unconditional contribution of at least \$25,000, to eliminate a like amount of substandard assets.

"You advise that a communication received from Chief Examiner Wright indicates that the \$25,000 cash contribution heretofore contemplated is impossible and it is understood that in lieu thereof Mr. J. T. Bressler, Sr., Chairman of the Board of Directors of the bank, has already executed, and the bank accepted, a note and mortgage in the amount of \$15,323 in favor of the bank, and that loans in an equal amount have been removed. It is noted that use of the \$50,000 released capital will enable the bank to eliminate all doubtful assets, losses, and bond depreciation remaining in the bank as shown by the report of examination as of February 21, 1935. While the giving of the note to the bank by Mr. Bressler may possibly involve a technical violation of section 22(g) of the Federal Reserve Act, it appears that Mr. Bressler is a very aged man, that he occupies no other position than Chairman of the Board of Directors, and is very inactive in the affairs of the bank. Furthermore, it appears that the obligation to the bank was incurred solely for its benefit and that the transaction is not within the intent of the statute. Accordingly, the Board will raise no objection to the transaction in question.

"In accordance with your recommendation, the Board amends its previous approval to provide for the acceptance of the secured note for \$15,000 described in your memorandum, in lieu of the cash contribution of \$25,000 previously proposed, and to provide also that all assets eliminated by the use of the released capital shall remain the property of the bank, with the understanding that the other provisions of the plan as originally approved remain unchanged; all as set forth in your supplemental memorandum of March 1, 1935."

Approved.

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



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"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The First National Bank of Johnstown', Johnstown, Colorado, from \$50,000 to \$25,000, in accordance with a plan which provides that the released capital shall be used to eliminate substandard assets in the amount of \$20,000, which are to remain the property of the bank, and to increase the bank's surplus account in the amount of \$5,000, all as set forth in your memorandum of March 11, 1935.

"It is noted that the bank's capital was increased on February 3, 1934, through the sale of \$25,000 of preferred stock to the Reconstruction Finance Corporation, and that the plan of capital reduction does not contemplate any further increase in the bank's capital at the present time."

Approved.

Letter to the Secretary of the Treasury, reading as follows:

"In connection with a possible amendment to existing statutes which would enable the Federal Reserve Board to obtain heat for its new building from the Central Heating Plant, a question has arisen as to what organization should be authorized to furnish the heat. It is the Board's understanding as the result of informal conversations with a representative of your department that jurisdiction of the Central Heating Plant has been turned over to the National Park Service and that the National Park Service is the body charged with the duty of operating the Plant and furnishing heat therefrom. It will be appreciated if you will advise the Board whether this understanding is correct."

Approved.

Letter to Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of March 9 advising that the board of directors of the Federal Reserve Bank of Cleveland at its meeting on March 8 voted to authorize an expenditure of not to exceed \$50,000 for air-conditioning the third and eighth floors of the Federal reserve bank building and requesting advice as to the attitude of the Federal Reserve Board on the subject.

"The Federal Reserve Board will interpose no objection to

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"an expenditure of not to exceed \$50,000 for air-conditioning the third and eighth floors of the Cleveland bank building, and requests that if and when a contract is let for this project advice be furnished the Board as to the contract price."

Approved.

Telegram dated March 20, 1935, approved by four members of the Board, to Governor Calkins of the Federal Reserve Bank of San Francisco, reading as follows:

"Referring your March 12 wire, after discussing question of committee to review procedure regarding destruction of old records with Mr. Peyton, it is suggested that committee consisting of 2 operating men, two counsel, and one or two from Agents' Departments be appointed. If you concur, please notify Board of names of committee members appointed by you and Board will suggest to Mr. Stevens, Chairman of Agents' Conference, that he designate representatives of Agents' Departments to serve on committee."

Approved.

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

"This refers to your letter of January 15, 1935, in which you advise that the Banking Department of the State of New York has requested you to make available to it copies of the Federal Reserve Board's interpretations of section 19 of the Federal Reserve Act as amended by section 11(b) of the Banking Act of 1933 and rulings under that section and Regulation Q. You inclose a list of a number of the Board's letters and telegrams relating to this subject which you think would be of interest to the Banking Department and state that if the Board approves you will forward copies thereof to the Superintendent of Banks of the State of New York.

"The Board has reviewed the schedule of letters which you have submitted, and offers no objection to your furnishing to the Superintendent of Banks of the State of New York the letters referred to in the list which is inclosed herewith. This list, you will observe, omits a number of letters included in your schedule, the substance of which has been published in the Federal

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"Reserve Bulletin or is covered in other rulings contained in the list. It also omits certain letters, the furnishing of which to the Banking Department at this time it is believed would serve no useful purpose. It is understood, in accordance with your letter, that there will be deleted from the copies of letters furnished to the Banking Department all references to the X numbers of such letters, all names, whether of individuals or institutions, and in some instances a sentence or paragraph of application only in the particular case to which the letter relates, and further that you will advise the Superintendent of Banks that the letters furnished are for his confidential use and that in such use as is made of the material therein contained no reference should be made to the Federal Reserve Board or to the Federal Reserve Bank of New York.

"The Federal Reserve Board also has no objection to your furnishing to the Superintendent of Banks of the State of New York copies of X letters hereafter issued by the Federal Reserve Board relating to the provisions of law or regulations on the subject of the payment of interest on deposits by member banks, in cases in which it appears that the subject matter is of general interest to member banks and is not of a confidential character. In all such cases it is understood that deletions will be made from the letters as above mentioned, and that you will advise the Superintendent of Banks that the material is for his confidential use and that in using the material furnished no reference is to be made to Federal Reserve Board or to the Federal Reserve Bank of New York."

Approved.

Letter to Mr. L. R. Collins, Cashier of The First National Bank, Marietta, Georgia, reading as follows:

"This refers to your letter dated March 6, 1935 regarding the question whether The First National Bank, Marietta, Georgia should pay interest to the estate of a savings depositor or to the two sons of the deceased depositor after a transfer of part of the father's savings account to the sons' savings accounts.

"It appears from your letter that a depositor of the bank having a savings account of approximately \$10,000 died leaving to his two sons \$3,250 each. You state that the sons also had accounts in the bank and that the \$3,250 left to each son was transferred from the deceased father's account to the sons' accounts.



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"It is understood that you wish to know whether the bank will be permitted to pay the two sons interest on the account from the last interest period of their father's account, or whether the bank can pay the father's estate the interest up to the time of transfer and pay the sons interest from the date of the transfer to their accounts.

"The question presented in your letter appears to be one which involves an interpretation of the law of Georgia relating to the administration of estates. Such a question is not within the jurisdiction of the Federal Reserve Board, and, accordingly, the Board feels it should not undertake to express an opinion upon the matter.

"It is suggested that this question be referred to the bank's counsel in order that his advice may be obtained."

Approved.

Letter to Mr. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to Mr. Newton's letter of December 17, 1934, and your letter of January 21, 1935, relating to the question whether The American National Bank of Nashville, Nashville, Tennessee, is a holding company affiliate of The First National Bank of Smithville, Smithville, Tennessee, and The First National Bank of Springfield, Springfield, Tennessee.

"The Board understands that The First National Bank of Smithville has 300 shares of stock outstanding, of which The American National Bank of Nashville owns 131 shares, and that at the bank's 1935 annual meeting 282 shares, including those owned by The American National Bank of Nashville, were voted.

"The Board also understands that The First National Bank of Springfield has 500 shares of stock outstanding, of which The American National Bank of Nashville owns 221 and possibly controls an additional 10 shares registered in the name of one of its officers. It further understands that at the 1935 annual meeting of the bank's stockholders 485 shares, including those owned by The American National Bank of Nashville, were voted.

"The Board does not consider it necessary at this time to give further consideration to the question whether, on the basis of the 1934 annual meetings, a voting permit was necessary to authorize The American National Bank of Nashville to

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"vote its stock at the 1935 annual meetings. The Board is of the opinion that on the basis of the above facts The American National Bank of Nashville is not now a holding company affiliate of either The First National Bank of Smithville or The First National Bank of Springfield even though the shares of stock owned and voted by it are not considered in determining the total number of shares voted at the 1935 annual meetings. You will note that this is a departure from the Board's previous ruling concerning the meaning of the words 'more than 50 per centum of the number of shares voted for the election of directors of any one bank at the preceding election' appearing in section 2(c)(1) of the Banking Act of 1933.

"It appears that The American National Bank of Nashville desires that the Board give no further consideration to its application for a voting permit and, in the absence of further word from you, the file will be closed."

Approved.

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

"Consideration has been given to the information contained in your letter of March 9, 1935 regarding the question whether the relationships of Mr. E. P. Shove with Shove, Hager & Co., Inc., are such as to make section 32 of the Banking Act of 1933 applicable to him in view of his service as chairman of the board of directors of The First National Bank of Colorado Springs, Colorado Springs, Colorado.

"It appears from the copy of a letter from Mr. H. M. Ragle, Secretary and Treasurer of Shove, Hager & Co., Inc., dated March 6, 1935, and the copy of a letter dated March 6, 1935 from the President of the national bank which you inclosed, that the corporation is a comparatively small concern which is being operated merely to furnish employment to several of Mr. Shove's and Mr. Hager's old employees and which, between the date of its incorporation, August 24, 1934, and December 31, 1934, received commissions from the purchase and sale of securities for the account of customers of approximately \$2,300 and profits from transactions on its own account in the amount of slightly less than \$1,000. It further appears that Mr. Shove is not an officer or director of the corporation; that he is not active in the corporation's affairs and is not a majority stockholder in the corporation; and that he spends six months each year at his home near Honolulu.

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"In the light of the information which has been submitted, it does not appear that Mr. Shove is 'an officer, director, or manager' of the corporation within the meaning of section 32 of the Banking Act of 1933. The Comptroller of the Currency is being advised of the Board's views as requested in the memorandum from his office which was referred to in the Board's letter to you of February 9, 1935."

Approved.

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

"Consideration has been given to the information submitted with your letter of February 14, 1935 in connection with the possible applicability of section 32 of the Banking Act of 1933 to the service of Mr. William A. Hogan as treasurer of the Satucket Trust, Brockton, Massachusetts. This question arose in connection with Mr. Hogan's Clayton Act application for a permit to serve as a director of The Brockton Morris Plan Company and The Brockton National Bank, both of Brockton, Massachusetts.

"As you stated in your letter, it appears that the Satucket Trust is a small private investment trust composed of twenty-nine members who are at present making monthly payments of \$25.00, and that its activities consist in investing these monthly contributions and the accumulated income. It appears that the shares of the Trust are not sold to the public and that the Trust does not engage in underwriting, distributing or dealing in securities.

"It appears that the officers of the Trust serve without compensation, and this fact, as well as the size and nature of the organization, evidently explains the reluctance of Mr. Hogan to compile and furnish the detailed statistical information usually required by the Board in connection with such cases. However, it appears that gains and losses from the sales of securities during the years 1933 and 1934 approximately neutralized each other and that there were no sales of securities by the corporation from its portfolio during the year 1932.

"On the basis of the information which has been submitted, the Board sees no reason to differ with your opinion and the informal opinion of your counsel that the Trust is not an organization of the kind at which the provisions of section 32 of the Banking Act of 1933 were directed. There would, therefore, appear to be no objection to your releasing to Mr. Hogan the Clayton Act permit which was inclosed in the Board's letter to you of December



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"26, 1934."

Approved.

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

"Receipt is acknowledged of your letter of March 15, 1935, requesting a hearing on behalf of

James E. Gowen  
C. Jared Ingersoll  
George Stuart Patterson  
Albert A. Jackson

in connection with their applications under the provisions of the Clayton Act for permits to serve the Central-Penn National Bank of Philadelphia, Philadelphia, Pennsylvania, and other institutions.

"Please advise the above named applicants that the Board has granted the request and has set Wednesday, April 3, 1935, at 11 A. M., as the time for the hearing. Please ask the applicants to advise you in case they will be unable to attend at this time, and, if so, when they would be able to attend.

"A copy of this letter is being sent to the Federal Reserve Agent at the Federal Reserve Bank of New York for his information and files."

Approved.

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

Mr. W. R. McAlpin, to serve at the same time as an officer of the Central Hanover Bank and Trust Company, New York, New York, and as a director of The Dunbar National Bank of New York, New York, New York, for the period ending January 14, 1936.

Mr. Orestes A. Crowell, to serve at the same time as a director of The First National Bank of Stevens Point, Stevens Point, Wisconsin, and as a director and officer of the Portage County Bank, Almond, Wisconsin, for the period ending January 14, 1936.

Mr. H. C. Edmonds, to serve at the same time as a director

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of The Terminal National Bank of Chicago, Chicago, Illinois,  
and as a director of the Personal Loan and Savings Bank,  
Chicago, Illinois, for the period ending January 14, 1936.

Approved.

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

| <u>Applications for ADDITIONAL Stock:</u>                           | <u>Shares</u> |            |
|---|---------------|------------|
| <u>District No. 9</u>   |               |            |
| State Bank of Gibbon,<br>Gibbon, Minnesota                          | 2             | 2          |
| <u>District No. 12</u>  |               |            |
| The First National Bank of Everett,<br>Everett, Washington          | 36            |            |
| Solano County Bank,<br>Fairfield, California                        | 2             |            |
| First State Bank,<br>Richfield, Idaho                               | 2             |            |
| Cashmere Valley Bank,<br>Cashmere, Washington                       | 3             |            |
| Farmers and Merchants Bank of Rockford,<br>Rockford, Washington     | 1             |            |
| Bank of Rosalia,<br>Rosalia, Washington                             | 9             |            |
| Spokane and Eastern Trust Company,<br>Spokane, Washington           | 450           | 503        |
|   | <u>Total</u>  | <u>505</u> |
| <u>Applications for SURRENDER of Stock:</u>                         |               |            |
| <u>District No. 2</u>   |               |            |
| The Marine Midland Trust Company of New York,<br>New York, New York | 600           | 600        |
| <u>District No. 4</u>   |               |            |
| The Peoples National Bank of Rochester,<br>Rochester, Pennsylvania  | 54            | 54         |
| <u>District No. 10</u>  |               |            |
| The First National Bank of Hitchcock,<br>Hitchcock, Oklahoma        | 18            | 18         |
|   | <u>Total</u>  | <u>672</u> |

Approved.

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Thereupon the meeting adjourned.

Orestes Morice  
Secretary.

Approved:

W. Steeles  
Governor.