

A meeting of the Federal Reserve Board was held in Washington on Monday, April 1, 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

Mr. Morrill reported that on March 30, 1935, the Comptroller of the Currency issued a call on all national banks for reports of condition as at the close of business on March 4, 1935, and that, in accordance with the usual practice, a call was made on behalf of the Federal Reserve Board on all State member banks for reports of condition as of the same date.

The call made on behalf of the Board was ratified.

The Board then acted upon the following matters:

Memorandum dated March 28, 1935, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the temporary appointment in the division, with salary at the rate of \$25.00 per day for each day worked, of Mr. William J. Carson, to aid with work pertaining to pending legislation; it being understood that the aggregate number of days of employment will not exceed thirty, and that \$25.00 per day will cover his compensation as well as his traveling and other expenses.

Approved.

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Memorandum dated March 29, 1935, from Mr. Wyatt, General Counsel, recommending, for reasons stated in the memorandum, that Mr. J. T. Owens, an assistant counsel, be permitted to take twenty days annual leave of absence beginning April 5, 1935, which is five days in excess of the number of days permitted by the regulations of the Board to be taken prior to July 1 by permanent employees in the service of the Board at the beginning of the year who have served six months or more and less than two years.

Approved.

Memorandum dated March 27, 1935, from Mr. Smead, Chief of the Division of Bank Operations, recommending that Miss Loretta M. Goheen, an employee in that division, be granted a further leave of absence with pay on account of illness, for the period from March 17 to March 23, 1935, inclusive.

Approved.

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

"Your letter March 28. Board approves temporary appointment of Joseph W. Clifford as assistant examiner in Federal Reserve Agent's department your bank."

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 'Kingston Trust Company', Kingston, New York, as of October 6, 1934, and the supplementary information submitted in

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"connection therewith.

"The report of examination reflected estimated losses of \$82,600 in loans and depreciation of \$704,200 in securities, distributed as follows:

| | |
|------------------------|------------------|
| Group 1 | \$ 36,900 |
| Group 2 | 196,700 |
| Defaulted bonds | 25,400 |
| Depreciation in stocks | <u>445,200</u> |
| | <u>\$704,200</u> |

"The bank advises that at the end of the year the following eliminations were made:

| | |
|---------------------|------------------|
| Loans and mortgages | \$126,500 |
| Other real estate | 7,200 |
| Stocks | \$242,900 |
| Defaulted bonds | <u>27,000</u> |
| Other bonds | <u>11,100</u> |
| | <u>\$414,700</u> |

"The call report of condition rendered by the bank as at the close of business December 31, 1934, reflected the following capital accounts:

| | |
|--------------------|-----------|
| Capital debentures | \$500,000 |
| Common stock | 250,000 |
| Surplus | 250,000 |
| Undivided profits | 14,300 |

"It appears, therefore, that the bank has not made provision for a substantial amount of depreciation in stocks and lower grade securities and it will be appreciated if you will advise what steps the bank has taken or proposes to take to effect further eliminations in order that its statements may reflect more correctly the true condition of the bank.

"It has been observed that the bank has continued to pay dividends on its common stock at the rate of 6 per cent per annum, although the condition of the bank would not appear to justify such payments.

"The report of examination as of October 6, 1934, reflects a heavy investment in stocks, the total carrying value amounting to \$915,700 with a market value of \$470,500. Under the provisions of Section 9 of the Federal Reserve Act as amended by Section 5 (c) of the Banking Act of 1933, State member banks may not legally purchase stock in other corporations except in the limited classes of cases in which National banks may lawfully do so and, as indicated by a condition of membership prescribed by the Board for some time, the Board does not feel that stocks are suitable investments for member banks. It is requested that you advise the bank of the Board's views in this connection and suggest that the management undertake to improve the quality of its investment account as opportunities are afforded.

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"Among the criticisms reported by the examiner are the inadequate credit data and the incomplete and unsatisfactory records of the trust department. It is assumed that you will endeavor to obtain corrections in these matters."

Approved.

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

"Reference is made to the reports of examination of 'The Yellowstone Bank', Columbus, Montana, as of February 4, 1935, and 'The Yellowstone Bank', Laurel, Montana, as of February 6, 1935, which institutions are closely affiliated through common ownership and management. Reference is made also to the supplemental information submitted in connection with the reports of examination of the banks.

"It has been noted from your letter of March 5, 1935, that you recently held a conference with Mr. B. M. Harris who is president and apparently the dominating factor in both of the banks, regarding the affairs of the Columbus institution. It is assumed, however, that in the conference you discussed also the report of examination of the Laurel bank and made appropriate suggestions with regard to the matters requiring attention.

"The examiner who conducted the examination of both banks appears to have some reservations as to the integrity of the management which is characterized as being 'capable but dangerous' and the comments of the examiner in the confidential sections of the reports infer that selfish motives influence the acts of the president in the administration of his duties as the principal executive officer of the two institutions. The Board would like to have a full expression of your views regarding the character of the management of the two banks and as to whether, in your opinion, the interests of the depositors are receiving proper consideration.

"In the report of examination of the Laurel bank the examiner discussed at some length the action in 1931 of the directors in awarding to President Harris a bonus of \$30,000 to be paid pro rata by the two banks out of future earnings and it appears that after a recent payment of \$1,500 there is a balance due of \$23,500 on the bonus. It will be appreciated if you will advise whether, in your opinion, such a bonus is justified as being in the best interests of the bank. This appears to be an unusual transaction and in view of all of the circumstances, particularly the comments of your examiner regarding the character of the management, a frank

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"expression of your views in the matter will be appreciated.

"The report of examination of the Columbus institution indicates that after allowing for estimated losses, doubtful assets and depreciation in securities aggregating \$4,300 the bank has a net sound capital of \$29,600 as compared with total deposits of \$381,800. It will be appreciated if you will advise whether consideration has been given by the institution to an increase in its capital in an amount sufficient to provide for a more adequate ratio to its deposits.

"It has been noted that since the removal of the Park City State Bank to Columbus in October, 1934, (at which time the name of the institution was changed to The Yellowstone Bank, Columbus, Montana) a branch has been operated at Park City, Montana, for the benefit of both the Columbus and the Laurel institutions apparently in violation of the laws of the State of Montana and of Section 9 of the Federal Reserve Act. It appears that the branch has been operated with the full knowledge of the State Superintendent of Banks and according to Mr. Harris' letter to you of March 18, 1935, its operations have now been entirely discontinued. In view of all of the circumstances, and in accordance with the suggestion contained in your letter of March 5, 1935, no action in the matter will be taken by the Board.

"On the dates of the examinations of the two banks the Park City Milling Company, a former affiliate of the institutions, was indebted on an unsecured basis to the Columbus bank in the amount of \$2,668 and to the Laurel institution in the amount of \$1,400. The line has been under severe criticism by the State banking department for some time and in the analysis of the report of examination of the Park City State Bank as of July 22, 1933, it was stated that the program outlined by the State banking authorities called for the complete elimination of the line by July 1, 1934. While the loans are not classified in either report the examiner comments on the fact that the company is hopelessly insolvent and the inference is gathered that an estimated loss classification would have been made but for certain circumstances involved. The examiner states that at the time the original advances were made the company was largely owned by three directors of the bank and that the funds advanced by the bank were used in an attempt to save the investment of these directors in the company, from which facts he concludes that the loans should not be removed by a charge to the earnings of the bank but rather by the three directors involved. It appears, however, from the comments in your letter of March 5, 1935, that President Harris takes the position that the

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"directors referred to, of which he is one, have neither a moral nor legal responsibility for the repayment of the loans in question and that the items should be handled by the bank in the same manner as any loss of a similar character. In view of the expressed opinion of the bank's president and the opinion of the examiner regarding the inability of the Park City Milling Company to discharge its obligations, it is requested that you advise what action has been taken or is proposed with respect to the elimination of such loans from the assets of the banks.

"The examiner criticized the practice of both of the institutions in setting up on the books of the banks at par securities purchased at less than par. It was reported that securities purchased at a premium were also carried at par and it was indicated that the aggregate of debits and credits to undivided profits on account of such transactions was approximately the same. The practice of writing up bonds from cost to par value, however, should not be followed and it will be appreciated if you will advise the Board whether the practice has been discontinued as recommended by your examiner.

"In the report of examination of the Laurel bank the examiner questions the practice of crediting to undivided profits unearned discount on instalment notes, although the bank is not apparently otherwise on an accrual basis. At the time of examination the amount of such unearned discount credited to earnings amounted to approximately \$3,000. In view of the examiner's comments regarding such credits to earnings and the payment of dividends and a bonus to the president, it will be appreciated if you will advise the Board what action has been taken to meet the criticisms of the examiner."

Approved.

Letter dated March 30, 1935, approved by five members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of Mr. Sonne's letter dated March 21, 1935, transmitting a copy of a letter dated March 16, 1935, from Mr. Anderson, cashier of the 'Bank of Southern Utah', Cedar City, Utah.

"Mr. Anderson reports that the Cedar Finance Company has been requested to move from the main banking room of the Bank

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"of Southern Utah into a small room in the front of the building. He also states that the bank desires to comply with the regulations of the Federal Reserve Board and asks whether such an arrangement would still be in violation of the policy of the Board and if the company should be removed altogether from the banking premises. The Board's position as set forth in its letter dated November 26, 1934, X-9031, to which you refer, is that other financial organizations, or organizations whose activities might embarrass the bank or render the supervision of the bank more difficult, should not share banking quarters of a member bank or occupy quarters so easily accessible from the banking quarters as to give the impression that there is any relation between the bank and such other organizations except that of landlord and tenant. As you know, however, there is no Federal law governing this matter nor is the Bank of Southern Utah subject to any condition of membership requiring the removal of the finance company, and the question was raised in this particular instance because of the fact that in the report of examination of the bank as of March 10, 1934, it was stated that the directors of the bank were of the opinion that the finance company should obtain quarters elsewhere.

"The Board's letter X-9031 does not refer to tenants in a bank building occupying space other than in the banking quarters or in quarters so arranged as to give the impression that they are not part of the banking quarters. From the information submitted it would appear that the removal of the Cedar Finance Company from the banking quarters into a separate room would be in accordance with the principles expressed in the Board's letter of November 26, 1934. Whether the finance company or any other organization is a desirable tenant for the bank would appear to be a matter for the determination of the directors of the bank."

Approved.

Memorandum dated March 25, 1935, from Mr. Vest, Assistant Counsel, reading as follows:

"In response to several inquiries as to whether it would be permissible for member banks which issue savings deposit passbooks to their customers to retain such passbooks in their custody in certain exceptional types of cases, a letter was recently prepared and circulated among the members of the Board stating that the subject had been studied but inasmuch

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"as the pending banking bill contains certain amendments which would have a material bearing upon questions of this kind further consideration would be deferred until the fate of these provisions was determined.

"However, after further consideration of the matter, Mr. Szymczak has suggested that it would be well for the staff at this time to prepare such a ruling on this question as may be feasible and possible under existing law and to send such ruling to the Federal reserve banks for their criticisms and comments, advising the persons who have inquired of the Board on this subject that an effort is being made at this time to work out a feasible solution which will comply with the law.

"Accordingly, it is proposed that the staff, as soon as practicable, will prepare a proposed ruling which may be sent to the Federal reserve banks for their criticisms and comments; and in the meantime it is suggested that the attached revised letters be sent to those who have inquired on the subject advising that an effort is being made to work out a plan under which it may be possible for banks to retain savings deposit passbooks in exceptional cases and under certain definite restrictions if it is found that this can be done under the provisions of existing law and without, in effect, abrogating the important distinction between savings deposits and checking accounts."

Approved, together with letters approved by five members of the Board on March 29, 1935, to Messrs. Frederic H. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, W. H. Fletcher, Acting Federal Reserve Agent at the Federal Reserve Bank of Cleveland, J. B. Anderson, Assistant Federal Reserve Agent at Cleveland, H. F. Stokes, Assistant Cashier of the National Metropolitan Bank, Washington, D. C., and W. H. Anderson, Cashier of The First National Bank and Trust Company of Kearny, Kearny, New Jersey, all advising that an effort is being made to work out a plan under which it may be possible for banks to retain savings deposit passbooks in exceptional cases and under certain definite restrictions if it is found that this can be done under the provisions of existing law and without, in effect, abrogating the important distinction between savings deposits and checking accounts.

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

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"Referring Board's letter B-1061 of February 7, conference to review personnel classification plans will be held in Chicago on April 17, following meeting of Board of Trustees of Retirement System of Federal Reserve banks. Letter follows."

Approved, together with the following letter addressed to all governors:

"As you were advised in a telegram of this date the conference to review the personnel classification plans, referred to in the Board's letter B-1061 of February 7, 1935, will be held in Chicago on April 17, immediately following the meeting of the Board of Trustees of the Retirement System of the Federal Reserve banks. As most of the officers designated to attend the conference on personnel classification plans are members of the Board of Trustees of the Retirement System the holding of the personnel classification plan conference in Chicago immediately following the meeting of the trustees will save considerable time and expense.

"It is suggested that the following subjects be considered at the conference in addition to any other questions relating to the personnel plans that may be suggested by the banks or members of the conference at the time of or before the conference is held:

1. Should the group classifications be eliminated?
2. Should the grade classifications be eliminated?
3. Should the plans call for both a maximum and minimum salary for each position or for a maximum salary only?
4. Is there now any necessity for designating any positions as 'appraised'?
5. Should any changes be made in the conditions under which employees may be hired, promoted or demoted, etc., without the Federal Reserve Board's advance approval, as set forth in the attached memorandum B-315 relating to personnel classification plans of the Federal Reserve banks?
6. Is it practicable to adopt a general rather than specific description of work of certain junior employees in order to make the plans somewhat more flexible?
7. Should Form A be revised and, if so, what changes are suggested?
8. Should every person not an officer or director who is regularly devoting all or part of his time to the bank be covered by the personnel classification plan?

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- "9. When it appears desirable to provide more than one salary range for a position, to cover 'junior' and 'senior' employees performing the same general type of work, how much detail should be given for each separate salary range under the columns 'Description of Work' and 'Qualifications Required'?
10. Should the personnel classification plans be revised so as to have some general uniformity in the 'Description of Work' and 'Qualifications required'? At the present time the description of work and qualifications required are given in considerable detail by some banks while at others this information is quite general in character."

Letter to Mr. H. B. Iiams, Chapman-Iiams Company, Bethlehem, Pennsylvania, reading as follows:

"Receipt is acknowledged of your letter of March 16, to the Governor of the Federal Reserve Board, regarding the difficulty you have had in getting applications of your clients for industrial loans approved by the Federal Reserve Bank of Philadelphia.

"In amending the Federal Reserve Act so as to authorize the Federal Reserve banks to make working capital loans to established commercial and industrial enterprises, Congress provided for the establishment of an Industrial Advisory Committee in each Federal Reserve district, which Committee is required to review each application submitted to the Federal Reserve bank for an industrial advance and to make recommendations to the Federal Reserve bank as to the action to be taken thereon. The authority to make industrial loans is given specifically to the Federal Reserve banks, and Regulation 'S', with which you are familiar, was prepared by the Federal Reserve Board with the idea of leaving the Federal Reserve banks unhampered by any restrictions in the making of industrial loans other than those contained in the law itself.

"The Federal Reserve Board has made special efforts to bring the facilities provided in Section 13b of the Act to the attention of both commerce and industry, and of financing institutions, in order that the System may be as helpful as possible in furnishing additional working capital to those industries to which such loans may be made on a sound and reasonable basis as required by law but which are not able to

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"obtain accommodations from the usual sources. While the Board is authorized to make regulations under which industrial advances may be granted, it does not have, as you know, any authority to pass upon the applications from a credit standpoint. Therefore, it does not appear to the Board that it would be worth while for you to go to the expense of submitting to it briefs on each of the applications which you have filed with the Federal Reserve bank. The Board has, however, forwarded a copy of this letter, together with a copy of your letter of March 16, to the Federal Reserve Bank of Philadelphia for its consideration."

Approved.

Letter dated March 30, 1935, approved by five members of the Board, to Mr. Stevens, Chairman of the Federal Reserve Agents' Conference, reading as follows:

"Some few months ago Mr. Peyton, Chairman of the Board of the Federal Reserve Bank of Minneapolis, discussed with the Board problems connected with the destruction of old records at his Federal Reserve bank and suggested that it might be well to have a committee appointed to review the present procedure with reference to the destruction of records at all Federal Reserve banks and to submit a report thereon containing recommendations as to the minimum period for which records of the various kinds should be retained.

"This matter was referred to Governor Calkins, Chairman of the Governors' Conference, and he has appointed two general operating men and two counsel to serve on such committee. The members designated by Governor Calkins are Mr. Sailer, Deputy Governor and Mr. Logan, Deputy Governor and General Counsel at the Federal Reserve Bank of New York, and Mr. McLarin, Assistant Deputy Governor and Mr. Parker, General Counsel, at the Federal Reserve Bank of Atlanta. In order that questions relating to the destruction of old records in the Agents' departments may be adequately considered by the committee it is suggested that you designate two members to serve on the committee. It will be appreciated if you will advise the Board and Governor Calkins of the names of the persons you appoint to serve on the committee."

Approved.

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Letter dated March 30, 1935, approved by five members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"This refers to your letter of January 25, 1935, transmitting a letter dated January 24, 1935, from Mr. Heath, departmental examiner of the Texas Banking Department, regarding the letter dated January 4, 1935, of the Comptroller of the Currency with reference to the payment by national banks of dividends on preferred stock. Your letter and Mr. Heath's letter were referred to the Comptroller of the Currency, and the following paragraphs are taken from his reply dated March 19, 1935:

'The ruling set forth in office letter of January 4, 1935, referred to in the above correspondence, is neither a reversal of nor an exception to the established policy of this office that a national bank be required to charge off all of its losses. The ruling merely sanctions, under the circumstances stated therein, the payment of the dividend on preferred stock out of so much of the net profits of the bank for the six months' period under determination as shall be necessary for such purpose before the impairment of the common capital of the bank is restored.

'The ruling pertains only to the matter of the payment of dividends on preferred stock and applies only to those cases where there remains an impairment of common capital after the issuance of preferred stock, whether such impairment is caused by losses that have been charged off or by losses that still remain on the books of the bank contrary to instructions of this office.

'Your attention is invited to the current forms of Report of Condition (Forms 2130 and 2139, Comptroller of the Currency). Such forms of Report of Condition require the disclosure by the bank of its net capital as well as its authorized capital.

'In the letter of January 4, 1935, it was specifically provided that in all cases the Board of Directors, in determining the net profits for any six months' period, shall make such charge-offs and write-downs of assets as shall be appropriate to make provision for all items classified as "estimated losses" on the report of examination of the bank next preceding the end of such six months' period and, in addition

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"thereto, for all other items determined by the Board of Directors to be losses during such period. However, in respect only to the payment of the cumulative dividends on preferred stock, it sanctioned the payment of dividends on preferred stock even though the common capital of the bank be impaired by items classified as "estimated losses" and by items determined by the Board of Directors to be losses, whether charged off or still carried on the books of the bank, if net profits would be available for application to the payment of such dividends for the six months' period, except for the impairment of the common capital, and if such impairment as of the date of the declaration of any dividend on preferred stock is not in excess of the impairment as of the date of approval by this office of the issuance of the preferred stock.'

"You will note that the Comptroller of the Currency states that the position taken in his letter of January 4, 1935, is neither a reversal of nor an exception to the established policy of his office that a national bank be required to charge off all of its losses.

"The Board has noted your comments regarding the excellent cooperation which has always been given you and the Federal Reserve Bank of Dallas by the State Banking Department in matters of mutual interest, and trusts that close cooperation may prevail in the future."

Approved.

Letter dated March 30, 1935, approved by five members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter dated January 18, 1934, and to the Board's telegram dated January 29, 1934 in answer thereto, regarding the question whether a corporation which owns a number of shares greater than 50 per cent of the number of shares voted at the last election of directors of a member bank, but which did not vote its shares, is a holding company affiliate within the meaning of the portion of section 2(c)(1) of the Banking Act of 1933 which defines a holding company affiliate as a corporation which owns or controls, directly or indirectly, 'more than 50 per centum of the number of shares voted for the election of directors of any one bank at the preceding election.'

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"From your letter it appeared that the corporation in question owned 464 of a total of 1,000 shares of stock of a national bank. You stated that the corporation voted its shares at the 1933 election of directors of the bank and cast more than 50 per cent of the number of shares voted at such election. You also stated that at the 1934 election of directors the corporation did not vote its shares, but no statement was made as to the number of shares which were voted at such election.

"You presented the following inquiry regarding the interpretation of the above quoted provision of section 2(c)(1) of the Banking Act of 1933:

'Query (1): In order to be a "holding company affiliate", must the corporation own fifty per centum of the stock actually represented and voted at the meeting, or (2), is it still a "holding company affiliate", even though its stock was not represented and voted at the meeting but the number of shares owned by the corporation equaled more than fifty per centum of the number of shares represented and voted at the meeting?'

"In answer to such inquiry, the Board stated the following in its telegram dated January 29, 1934:

'Referring your letter January 18 Board agrees with opinion of your counsel that query numbered (2) is to be answered in the affirmative inasmuch as corporation owning a number of shares of stock of national bank which exceeds fifty per centum of the number of shares voted for the election of bank's directors at preceding election is holding company affiliate within statutory definition even though it does not own more than fifty per centum of the particular shares which were actually voted. Statutory reference not to shares but to number of shares is deemed controlling evidence of correctness of this interpretation.'

"The Board has recently considered this question in connection with another case and has expressed an opinion different from that stated in the above telegram. In the case recently decided, the corporation owned 23,000 of the 60,000 shares of the member bank's outstanding stock. At the preceding election of directors of the bank 33,718 shares were voted, none of which were owned or controlled by the corporation. The Board ruled that, on the basis of the above facts, the corporation was not a holding company affiliate within the above quoted definition.

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"Since the Board was not furnished with all of the facts involved in the case presented in your letter of January 18, 1934, it is impossible to determine at this time whether a different ruling should now be made in such case. However, the Board's recent ruling is called to your attention in order that you may be advised that the Board has departed somewhat from the opinion expressed in its telegram to you. If a case should arise involving the interpretation of the above quoted provision, it is suggested that the question, accompanied by a full statement of the facts, be submitted to the Board for a ruling."

Approved.

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

"This refers to Mr. Dillistin's letter of March 26, 1935, reporting a possible violation of the provisions of section 5209 of the Revised Statutes of the United States by Dorothy Wallette, a former employee of the Bank of the Manhattan Company, New York, New York, in which he states that, in view of the small amount involved, he did not deem it necessary to report the matter to the local United States Attorney.

"Since it appears that the amount involved is only \$3.00, the Board concurs in the suggestion of Mr. Dillistin that no report of the matter to the United States Attorney need be made and, accordingly, the Board is not reporting the matter to the Attorney General of the United States."

Approved.

Letter to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, inclosing the following amended Clayton Act permit for transmission to the applicant:

Mr. W. C. Kingry, to serve at the same time as a director and officer of The Lincoln National Bank of Hamlin, Hamlin, West Virginia, and as a director of The Oil Field National Bank of Griffithsville, Griffithsville, West Virginia, for the period ending January 14, 1936.

Approved.

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

"Reference is made to Assistant Federal Reserve Agent Young's letter of March 20, 1935, with which was inclosed a copy of a letter dated March 18, 1935, from Mr. Charles W. Smith, Lapeer, Michigan, requesting reconsideration of his Clayton Act application for permission to serve at the same time as director of The First National Bank of Lapeer and Lapeer Savings Bank, both of Lapeer, Michigan.

"The Board has reconsidered the application of Mr. Smith but still feels that the issuance of the permit applied for would be incompatible with the public interest, as indicated in its letter of March 13, 1935, to you. Please inform the applicant accordingly and advise the Board promptly as to what steps Mr. Smith proposes to take in order to comply with the provisions of the Clayton Act."

Approved.

Letter dated March 30, 1935, approved by five members of the Board, to an applicant for a Clayton Act permit advising of the issuance of a permit by the Board as follows:

Mr. P. S. Huber, to serve at the same time as a director of The Seaboard-Citizens National Bank of Norfolk, Norfolk, Virginia, and as a director and officer of the Norfolk Savings & Loan Corporation, Norfolk, Virginia, for the period ending January 14, 1936.

Approved.

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

Mr. Drury L. Porter, to serve at the same time as a director of the Lansing National Bank, Lansing, Michigan, and as a director of the Central Trust Company, Lansing, Michigan, for the period ending January 14, 1936.

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Mr. R. H. Scott, to serve at the same time as a director and officer of the Lansing National Bank, Lansing, Michigan, and as a director of the Central Trust Company, Lansing, Michigan, for the period ending January 14, 1936.

Mr. G. E. Smith, to serve at the same time as a director of the Lansing National Bank, Lansing, Michigan, and as a director of the Central Trust Company, Lansing, Michigan, for the period ending January 14, 1936.

Mr. Hugh L. Clary, to serve at the same time as an officer of the Bank of America National Trust and Savings Association, San Francisco, California, and as a director and officer of the Bank of America, San Francisco, California, for the period ending January 14, 1936.

Mr. A. J. Gock, to serve at the same time as an officer of the Bank of America National Trust and Savings Association, San Francisco, California, and as a director of the Bank of America, San Francisco, California, for the period ending January 14, 1936.

Mr. G. J. Panario, to serve at the same time as an officer of the Bank of America National Trust and Savings Association, San Francisco, California, and as a director of the Bank of America, San Francisco, California, for the period ending January 14, 1936.

Mr. A. E. Sbarboro, to serve at the same time as an officer of the Bank of America National Trust and Savings Association, San Francisco, California, and as a director of the Bank of America, San Francisco, California, for the period ending January 14, 1936.

Approved.

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

Applications for ADDITIONAL Stock:
District No. 2.

Shares

The Baldwin National Bank and Trust Company,
Baldwin, New York.

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Applications for ADDITIONAL Stock: (Cont'd)

| <u>District No. 9.</u> | <u>Shares</u> | |
|---|---------------|-----|
| The Farmers National Bank of Minnesota Lake, Minnesota Lake, Minnesota. | 6 | |
| The American National Bank of Bridger, Bridger, Montana. | 7 | |
| The First National Bank of Sault Ste. Marie, Sault Ste. Marie, Michigan. | 105 | |
| First National Bank in Jackson, Jackson, Minnesota. | <u>10</u> | 128 |

District No. 12.

| | | |
|---|----------|-----|
| Coffman-Dobson Bank & Trust Company, Chehalis, Washington. | 21 | |
| E. G. Young & Co. Bank, Oakland, Oregon. | 12 | |
| Bank of Southern Utah, Cedar City, Utah. | 3 | |
| Commercial Security Bank, Ogden, Utah. | 90 | |
| The Bank of Hoquiam, Hoquiam, Washington. | 12 | |
| Kalama State Bank, Kalama, Washington. | 10 | |
| Cowlitz Valley Bank, Kelso, Washington. | 6 | |
| Citizens State Bank, Puyallup, Washington. | 21 | |
| The Ritzville State Bank, Ritzville, Washington. | <u>2</u> | 177 |
| Total | | 589 |

Applications for SURRENDER of Stock:

| <u>District No. 2.</u> | | |
|--|----|----|
| The West Hempstead National Bank, West Hempstead, New York. | 15 | 15 |

District No. 3.

| | | |
|---|----------|----|
| The First National Bank of Middleburg, Middleburg, Pennsylvania. | 30 | |
| The First National Bank of Shippensburg, Shippensburg, Pennsylvania. | <u>9</u> | 39 |

District No. 7.

| | | |
|--|----|----|
| The Romeo Savings Bank, Romeo, Michigan. | 87 | 87 |
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District No. 9.

| | | |
|--|-----------|--|
| The First National Bank of Pine City, Pine City, Minnesota. | 18 | |
| The First National Bank of Carson, Carson, North Dakota. | 18 | |
| The First National Bank of Browerville, Browerville, Minnesota. | <u>30</u> | |

4/1/35

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Applications for SURRENDER of Stock: (Cont'd)District No. 9. (cont'd)The First National Bank of Lima, Lima,
Montana.20

86

District No. 10.

The Towanda National Bank, Towanda, Kansas.

18

The American National Bank of Wetumka,
Wetumka, Oklahoma.21

39

District No. 12.The First National Bank of Hanford,
Hanford, California.120120

Total

386

Approved.

Thereupon the meeting adjourned.

Chester Mowrie
Secretary.

Approved:

W. S. Charles
Governor.