

A meeting of the Federal Reserve Board was held in Washington on Tuesday, April 23, 1935, at 11:30 a. m.

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

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

The Board acted upon the following matters:

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

"Reference is made to your letter of January 9, 1935, in reply to the Board's letter of December 22, 1934, concerning the report of examination of the Fletcher Trust Company, Indianapolis, Indiana, as of July 30, 1934.

"It is noted that in view of the conflicting information concerning the ownership and control of the stock of U. S. Tile Corporation by Fletcher Trust Company, your General Counsel suggests in his memorandum of January 7, 1935, that you request the Trust Company to furnish you 'with a detailed statement covering its relationship with the Tile Company since the organization of the latter, together with copies of any written agreements or a statement of the substance of any verbal agreements at any time existing between it and said record owners of the stock'. The Board believes that you should act in accordance with this suggestion and secure such information as will enable your General Counsel to render a definite opinion concerning the possible affiliation between Fletcher Trust Company and U. S. Tile Corporation.

"You state that in your opinion 'this is a case of an affiliate arising out of the bank's protecting itself against a debt previously contracted, a situation which has been recognized in the proposed amendment to the banking law.' The only provision in the proposed Banking Act of 1935 dealing directly with such a situation is section 326 which amends section 23A of the Federal Reserve Act to except such affiliates from the provisions of that section relating to loans to affiliates. Section 324 would authorize the Board to waive the requirements with respect to reports and examinations of such affiliates if in its judgment such reports and examinations are unnecessary.

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"With reference to the bank's investment of trust funds in mortgage participation certificates, it is suggested that at the next examination of the bank further information be developed concerning the present practices of the bank in this respect and the possibility of self-dealing on the part of the bank. In the former connection, it is noted that the examiner reported that the bank intended in the future to invest trust funds in individual mortgages whenever possible. It is also suggested that the bank's attention be called to the Board's view concerning such investment of trust funds as is indicated by standard membership condition numbered 17 which is now prescribed for all State banks exercising trust powers at the time of their admission to membership in the Federal Reserve System."

Approved.

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

"This refers to your letter of April 5, 1935, regarding the application of 'The National Bank of Lorain', Lorain, Ohio, for permission to exercise fiduciary powers, pursuant to which the Federal Reserve Board has given further consideration to that application.

"As you know, the Board, on January 3, 1935, granted The National Bank of Lorain permission to act as fiduciary only in the specific trusts in which The National Bank of Commerce of Lorain had been appointed and was acting at the time The National Bank of Lorain was authorized by the Comptroller of the Currency to commence business. However, in view of the information which has been submitted to the Board and the adverse recommendation of your executive committee, in which recommendation the Comptroller of the Currency concurs, the Board is unwilling at this time to grant The National Bank of Lorain any additional authority to exercise trust powers. You are requested, therefore, to advise the bank to this effect.

"The Board will be glad to consider another application from the bank whenever its condition and management, including the supervision given the trust department, are such that you and your executive committee would be willing to submit it with a favorable recommendation."

Approved.

Letter dated April 20, 1935, approved by five members of the Board, 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 Woodside National Bank of New York', New York, New York, from \$400,000 to \$200,000, pursuant to a plan which provides that the released capital shall be used to eliminate substandard assets, which are to remain the property of the bank, all as set forth in your memorandum of December 21, 1934."

Approved.

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

"Reference is made to Assistant Federal Reserve Agent McRae's letter of April 12, 1935, inclosing a letter dated April 11, 1935, from Mr. F. W. Denio, vice president of 'Old Colony Trust Associates', Boston, Massachusetts, requesting extension of the limited voting permit issued to Old Colony Trust Associates on February 15, 1935, in connection with a special meeting of the stockholders of 'The Concord National Bank of Concord', Concord, Massachusetts. The limited voting permit issued February 15, 1935, expired April 1, 1935.

"The Board has considered this request and authorizes you to issue a limited voting permit to Old Colony Trust Associates, Boston, Massachusetts, under the provisions of Section 5144 of the United States Revised Statutes, as amended, to vote the stock owned or controlled of The Concord National Bank of Concord, Concord, Massachusetts, for the following purposes:

1. At any time prior to June 1, 1935, to act at any meeting of shareholders of such bank, or at any adjournment thereof, upon a proposal to amend the first paragraph of the third article of the articles of association with reference to the number of members of the board of directors of such bank.
2. To fix the number of directors to be elected at such meeting, and to elect such number.

"Please have the permit authorized herein prepared by counsel for the Federal Reserve Bank of Boston in the usual form. It will be appreciated if you will mail to the Board for its records two executed copies of the permit issued by you under the authorization contained in this letter."

Approved.

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

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"Reference is made to your letter of April 16, 1935, inclosing a copy of a letter, dated April 9, 1935, from H. E. Hovey, Secretary-Treasurer of 'Geneva Shareholders, Inc.', Geneva, New York, in which he requested a limited voting permit authorizing Geneva Shareholders, Inc. to vote the stock of 'The National Bank of Geneva', Geneva, New York, for the purpose of amending the articles of association to provide for a reduced dividend rate on the 'A' preferred stock.

"The Board has considered this request and authorizes the issuance of a voting permit which shall entitle Geneva Shareholders, Inc. to vote the stock which it owns or controls of The National Bank of Geneva, Geneva, New York, for the following limited purpose:

To act at a special meeting of shareholders of such bank, or at any adjournments thereof, at any time prior to July 1, 1935, upon such amendments to the charter of such bank as may be prescribed by the Reconstruction Finance Corporation in connection with the revision of dividend rates upon preferred stock subscribed for or purchased by such corporation, which amendments shall be in form approved by the appropriate supervisory authorities.

"Please have the permit authorized herein prepared by Counsel for the Federal Reserve Bank of New York in the usual form. It will be appreciated if you will mail to the Board for its records two executed copies of the permit issued by you under the authorization contained in this letter."

Approved.

Letter dated April 20, 1935, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Reference is made to your letter of April 12, 1935 inclosing the application of Globe Financial Corporation, Brooklyn, New York, for a voting permit authorizing it to vote the stock which it owns or controls of The Woodside National Bank of New York, New York, New York.

"The Board understands that Globe Financial Corporation owns and controls less than 50 per cent of the outstanding shares of stock of The Woodside National Bank of New York. The Board further understands that the shares owned and controlled by Globe Financial Corporation were not voted at the 1935 annual meeting of the bank's stockholders. On the basis of these facts, the Board is of the opinion that Globe Financial Corpora-

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"tion is not a holding company affiliate of The Woodside National Bank of New York. Accordingly, it appears that no consideration need be given to the application which has been filed. The conclusion of the Board is based upon the facts described above, but, of course, if there should be other facts which you feel should be called to the attention of the Board indicating whether the Globe Financial Corporation is a holding company affiliate of The Woodside National Bank of New York, the Board will be glad to give further consideration to the matter."

Approved.

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

"Reference is made to your letter of April 11, 1935, inclosing a copy of a letter dated April 11, 1935, from Gardner B. Perry, vice president of 'Northwest Bancorporation', Minneapolis, Minnesota, in which he requested a limited voting permit authorizing Northwest Bancorporation to vote stock of 'The First National Bank of Appleton', Appleton, Minnesota, for the purpose of retiring \$10,000 preferred stock of such bank and declaring a dividend payable in common stock. He stated that the program had been approved by the Comptroller of the Currency.

"The Board has considered this request and authorizes the issuance of a voting permit which shall entitle Northwest Bancorporation to vote the stock which it owns or controls of The First National Bank of Appleton, Appleton, Minnesota, for the following limited purposes:

At any time prior to July 1, 1935, to act upon a proposal to retire \$10,000 of preferred stock of such bank, to act upon a proposal to declare a dividend payable in common stock of such bank pursuant to Section 5142 of the Revised Statutes of the United States, and to make any amendments to the articles of association of such bank necessary to effect such change in capitalization, all in accordance with a plan satisfactory to the Federal Reserve Agent at the Federal Reserve Bank of Minneapolis and approved by the Comptroller of the Currency.

"Please have the permit authorized herein prepared by counsel for the Federal Reserve Bank of Minneapolis in the usual form. It will be appreciated if you will mail to the Board, for its

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"records, two executed copies of the permit issued by you under the authorization in this letter."

Approved.

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

"This refers to your letter of April 9, 1935, with inclosures, regarding loans of the Community Trust Company of Bloomfield, Bloomfield, New Jersey, to its officers, directors, and their interests.

"It is noted that five of the directors of the trust company who are indebted to it are also officers, namely, Messrs. Eugene LeR. Cadmus, President, Robert L. M. Axt, Vice President, Howard Peck, Vice President, Francis C. Smith, Vice President, and Frank Shay, Treasurer; that Mr. Cadmus appears to be directly indebted to the trust company in an amount in excess of his portion of directors' loans on account of the dissolution of the Entwood Corporation; and, that Messrs. Peck, Smith, and Shay are indorsers on loans from the trust company in amounts in excess of their portion of directors' loans on account of the dissolution of the Entwood Corporation.

"Since it does not appear that you have considered the indebtedness of the above-named officers in the light of section 22(g) of the Federal Reserve Act, the matter is brought to your attention in order that you may consider the facts and the circumstances regarding such indebtedness in the light of section 22(g) and the Board's circular letter of February 13, 1935 (X-9124), and dispose of the matter accordingly. In connection with the indebtedness incurred by the officers on account of the dissolution of the Entwood Corporation, it may be noted that, in at least one instance, the Board has felt justified in not reporting to the Attorney General an indebtedness of an officer to his member bank which was incurred as a result of a voluntary contribution for the purpose of strengthening the member bank. If, after further consideration of the indebtedness of the officers on account of the dissolution of the Entwood Corporation, you feel that it is desirable for the Board to consider whether it is justified in not reporting such indebtedness to the Attorney General on a similar basis, the Board will be glad to give consideration to that point upon receipt of such additional information as you may obtain regarding the matter and your views in the premises. It has been noted from your letter of April 9, 1935, that you contemplate obtaining further information regarding this matter at the time of the next ex-

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"amination of the Community Trust Company, which will take place at an early date, and the Board has no objection to your following this procedure."

Approved.

Letter dated April 22, 1935, approved by four members of the Board, to Mr. Walter Lichtenstein, Secretary of the Federal Advisory Council, reading as follows:

"Receipt is acknowledged of your letter of April 20, 1935, and of three copies delivered therewith of a statement of the Federal Advisory Council on S. 1715 and H. R. 5557, the proposed 'Banking Act of 1935'.

"In accordance with the request of the Council one copy of this report has been transmitted to Senator Fletcher with your covering letter of April 22 addressed to him, one copy has been transmitted to Congressman Steagall with the covering letter of April 22 addressed to him, and one copy has been transmitted to Senator Glass. For your information and records copies of the letters transmitting these statements to Senators Fletcher and Glass and Congressman Steagall are inclosed herewith."

Approved.

Letter dated April 20, 1935, approved by five-members of the Board, to the Postmaster General of the United States, reading as follows:

"Governor Norris of the Federal Reserve Bank of Philadelphia has informed the Board of his letter to you under date of April 11, 1935, with regard to the advice received by the Federal reserve bank from the Postmaster at Philadelphia that after May 1, 1935, it will be necessary for the bank to deposit and receive all of its currency shipments, and possibly shipments of securities, at the new main post office in Philadelphia, (which is located at 30th and Market Streets, nearly two miles from the Federal reserve bank) instead of at the present main post office which is adjacent to the Federal reserve bank.

"The Federal Reserve Board, after careful consideration of the circumstances set forth in Governor Norris' letter as the reasons for the request of the Federal Reserve Bank of Philadelphia that it be permitted to continue to handle such shipments at the downtown office, feels that the request is

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"a proper one and expresses the hope that it will be possible for you to take favorable action thereon. It is understood from Mr. Eilenberger's letter of April 13, 1935, to Governor Norris, that the matter is being given consideration by your department at the present time, and it will be appreciated if you will advise the Board of the decision reached."

Approved.

Letter dated April 20, 1935, approved by five members of the Board, to Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, reading as follows:

"Referring to your letter of April 12, the Federal Reserve Board approves the appropriation by the board of directors of your bank of a total of \$1,000 to the local chapters of the American Institute of Banking in Atlanta, New Orleans, Birmingham, Jacksonville and Nashville for educational purposes during the year 1935."

Approved.

Letter to the Postmaster General of the United States reading as follows:

"Reference is made to the letter addressed by the Postmaster General to the Governor of the Federal Reserve Board under date of July 8, 1929, in which he referred to the practice of certain Federal reserve banks of salvaging canceled postage stamps and disposing of them to collectors and others, and requested that the matter be drawn to the attention of all Federal reserve banks and branches thereof, with the view to having the sale of salvaged used stamps discontinued and the stamps destroyed. In accordance with the request of your department, the Federal reserve banks discontinued the practice referred to.

"In this connection, an employee of one of the emergency organizations of the Government recently addressed a letter to the chief of the mail division of the Federal Reserve Bank of Chicago, stating that he would like to contact someone in the bank for the purpose of trading in canceled postage stamps, and that in the office in which he is employed he is 'able to collect about a thousand covers a week and have acquired quite a lot of material for trading, and in fact would like very much to contact some one in Chicago who has duplicates, and also would like to trade'. The letter referred to was forwarded

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"to the Board by the Chicago bank for consideration, and the matter is being brought to your attention with the thought that you may desire to advise the newly created organizations of the Government as to your wishes with regard to the disposition of canceled postage stamps."

Approved.

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

"Consideration has been given to the additional information forwarded with your letter of March 28, 1935, in connection with the application of Mr. Edwin P. Maynard under the provisions of section 32 of the Banking Act of 1933 for a permit to serve as officer and trustee of Brooklyn Trust Company, Brooklyn, New York, and as director of The Broad Street Investing Co. Inc., New York, New York. It is noted that, on the basis of the information which has now been submitted, you and counsel for your bank are of the opinion that section 32 should not be regarded as applicable to the relationships in question.

"It appears from the information that has been submitted that The Broad Street Investing Co. Inc. is a so-called 'investment trust' engaged in investing and reinvesting its funds in securities. A statement of its investment policies has been submitted, accompanied by an analysis designed to show that only such changes are made in its investment portfolio as appear to be necessary to keep its funds invested to the best advantage, and that the corporation has not cared to attempt, nor considered itself equipped to attempt, to take advantage of market fluctuations to obtain speculative profits. It appears that purchases and sales of securities by the corporation during the past five years, omitting certain transactions discussed below, were equivalent to the following percentages of its total assets:

<u>Year</u>	<u>Purchases</u>	<u>Sales</u>
1930	69.91	65.93
1931	60.32	45.88
1932	20.14	21.40
1933	54.21	32.11
1934	31.46	32.71
Average for period	44.01	40.16

"In this connection it is stated that, since June 1932, the corporation has been associated with Tri-Continental Corporation, and it is suggested that the turnover for the three years following this change in management is the best measure of the activities of the corporation as it exists today. The

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"average turnover for this three-year period is 28.67 per cent.

"It further appears that the securities in the corporation's portfolio as of December 31, 1933 had been held for the following periods in the following percentages:

Held less than 6 months	27.42
Held 6 to 12 months	10.71
Held 12 to 24 months	18.05
Held over 24 months	<u>43.82</u>
	100.00

"It appears that the corporation does not take participations in syndicates involving the underwriting or distribution of securities. Moreover, it has not sold any of its own shares or other securities during the past two years, and sold only a negligible amount in the preceding year; it has redeemed each year a portion of its shares pursuant to charter provisions requiring it to redeem such shares at liquidating value upon demand.

"As you know, the Board stated in its letter of February 2, 1935 that, on the basis of the information which had then been submitted, the provisions of section 32 were apparently applicable to the relationships covered by this application. The matters particularly referred to in the Board's letter were the relatively high rate of turnover in the corporation's portfolio and the absence of definite information regarding the periods during which securities had been held in the corporation's portfolio. As indicated above, definite information has now been received regarding the latter question. With respect to the rate of turnover, the revised figures which have been submitted are considerably lower than those which were the basis of the Board's earlier consideration. It appears that the difference results from several factors: (a) from the omission, from 'purchases', of the assets acquired by the corporation from two other companies, in 1931 and 1932, respectively, in exchange for its own stock, an omission which would seem to be proper in view of the fact that such acquisitions would have no bearing upon the question whether the rate of turnover was so large as to indicate that the corporation was actively engaged in buying or selling securities for a profit rather than in investing; (b) from the omission of purchases of securities incident to the expansion of the corporation in earlier years through sales of its own stock, and of sales due to redemptions of its own stock, which also appear to be proper omissions for the years 1932, 1933 and 1934, at least, because, although it would seem that these two factors may have offset each other to a certain extent in earlier years and that to that extent they may not have affected the rate of turnover, it appears that there were virtually no

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"sales of the corporation's stock in 1932, 1933, and 1934; (c) from the omission of purchases and sales of United States Government securities, which manifestly were not purchased for speculative purposes but in order to conserve idle funds awaiting investment in other securities; and (d) from the fact that the previous figures were calculated on the basis of the average value of the corporation's assets at the beginning and end of the respective year, whereas the revised figures are calculated on the basis of the cost of the portfolio. In view of the great decline in the general market value of securities, this last change has produced a considerable difference in the percentages shown; but it appears that, even if this change in basis had not been made, a rate of turnover of approximately 41 per cent per year would have been shown for 1932 and 1933, the years for which comparable figures are available subsequent to the change in management referred to above.

"On the basis of the additional information which has been submitted, the Board is of the opinion that section 32 of the Banking Act of 1933 is not applicable to the relationships described in the first paragraph of this letter. This conclusion is of course also applicable to the application of Mr. Alfred M. Ellinger for a permit to serve The Broad Street Investing Co. Inc. and Central Hanover Bank and Trust Company, New York, New York. It will be appreciated if you will advise the applicants accordingly."

Approved.

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

"You are requested to advise Mr. J. Cheney Wells that his application under the provisions of the Clayton Act for a permit to serve as director of The Southbridge National Bank, Southbridge, Massachusetts, and as director of Old Colony Trust Company, Boston, Massachusetts, is receiving further consideration and that he will be advised in due course of the action taken.

"For your own information, the Board feels that there is reason to believe that the applicant's relationships with the national bank and American Optical Company are technically within the prohibitions of Section 8A. However, there are now pending in Congress proposed amendments to the Clayton Act which would make it inapplicable to his relationships with that company, and the Board has therefore decided to defer action upon this application until it can be definitely as-

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"certained whether the proposed amendments will be enacted at this session. Accordingly, you are requested to hold the original and copies of Mr. Cheney's permit forwarded with the Board's letter of September 27, 1934, pending further advice in the matter."

Approved.

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

"Reference is made to your letter of March 19, 1935, inclosing a copy of a letter dated March 18, 1935 from Mr. Arthur C. Dorrance, in connection with his application under the provisions of the Clayton Act for a permit to serve as director of Guaranty Trust Company of New York, New York, New York, as director of The Philadelphia National Bank and as manager of Girard Trust Company, both of Philadelphia, Pennsylvania, which was denied by the Board on the ground that the two Philadelphia institutions appeared to be engaged in the same class or classes of business and so located as to be in a position to compete substantially.

"Mr. Dorrance again states his belief that the trust company and the national bank are not in competition and asks for a further statement of the Board's views in this connection, in order that he may know the reasons for the difference between his conclusion and that of the Board.

"The Board believes that it was the purpose of section 8 of the Clayton Act to prevent interlocking relationships between institutions engaged in the same class or classes of business and so located as to be in a position to compete substantially. Therefore, the Board's view that the two institutions are in competition within the intendment of the Clayton Act is not predicated upon the relative volume of the various types of business transacted by the two institutions but rather upon the fact that both institutions appear to transact business of the same kinds and that they are therefore apparently in a competitive position with respect to such types of business.

"In this connection, the Board felt that the following figures taken from the call reports of the two institutions as of June 30, 1934 were significant:

	<u>Girard Trust</u>	<u>Philadelphia N.B.</u>
Demand deposits	\$ 58,364,000	\$123,961,000
Time deposits	17,162,000	27,279,000
U.S. deposits & public funds	10,506,000	58,647,000
Bank deposits	15,517,000	124,437,000
	<u>\$101,549,000</u>	<u>\$334,324,000</u>

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	<u>Girard Trust</u>	<u>Philadelphia N.B.</u>
"Commercial paper	\$ 477,000	\$ 216,000
Loans to banks	157,000	1,845,000
Loans to brokers	860,000	7,101,000
Other collateral loans	9,671,000	22,864,000
Real estate loans	3,788,000	1,606,000
All other loans	2,678,000	53,153,000
	<u>\$17,651,000</u>	<u>\$ 86,785,000</u>

"Of course, the fact that both institutions have substantial amounts of assets or liabilities which are similarly classified in their call reports or in their statements submitted on F.R.B. Form 94a may not necessarily indicate in each case that the institutions are in competition for the type of business to which the respective item relates, since such reports and statements do not, of course, describe fully the nature of each item or the origin of the particular type of activity to which it relates. However, in the absence of further information, the above figures would indicate that the two institutions are engaged in a substantial amount of business of the same kinds and that they are therefore in competition for those kinds of business within the intentment of the Clayton Act.

"Mr. Dorrance apparently already understands that the denial of his application does not imply that his services actually have resulted in any of the evils which the Congress had in mind in enacting these provisions of the Clayton Act or that the Board believes that his services in the future would necessarily have such results. In denying the application, the Board was carrying out what it believed to be the purposes of Congress to prevent relationships which might have a tendency to produce such results.

"In view of the fact that the questions involved in this application are similar in many respects to those discussed at the hearing recently held in connection with the applications of Messrs. C. Jared Ingersoll, James E. Gowen and Albert A. Jackson and since it is understood that these gentlemen are submitting additional information in connection with those questions, you may deem it desirable to suggest to Mr. Dorrance that any additional information which he may wish to submit should be submitted promptly in order that his application may be reconsidered at the same time as those of the other gentlemen named above."

Approved.

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

"You are requested to advise Mr. John C. Haddock that his application under the provisions of the Clayton Act for a permit

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"to serve as officer and director of The First National Bank of McAdoo, McAdoo, Pennsylvania, and as director of The Wyoming National Bank of Wilkes-Barre, Wilkes-Barre, Pennsylvania, is under consideration and that he will be advised in due course of the action taken.

"For your own information, the Board feels that the applicant's relationships with the national banks and with the coal companies which he is serving may be within the prohibitions of section 8A of the Clayton Act because of the fact that some of these companies apparently make loans secured by stock or bond collateral not only to their subsidiaries but also to their affiliates and their parent companies. However, there are now pending in Congress proposed amendments to the Clayton Act which would make it inapplicable to the applicant's relationships with these companies; and the Board has therefore decided to defer action in connection with this application until it can be definitely ascertained whether the proposed amendments will be enacted at this session"

Approved.

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

"In connection with the application of Mr. E. W. Newman, Woodstock, Virginia, for permission under the provisions of the Clayton Act to serve at the same time as director and officer of The Shenandoah National Bank of Woodstock and the Shenandoah Valley Loan and Trust Company, both of Woodstock, Virginia, and as director and officer of Peoples Bank, Mount Jackson, Virginia, Mr. Fry advised in his letter of February 27, 1935 that the national bank had been placed in voluntary liquidation and that Mr. Newman's services therefore no longer came within the provisions of the Clayton Act.

"However, in considering this application it was noted that Mr. Newman was also serving as an officer of Shenandoah County National Farm Loan Association, and it appears that this association may be a 'bank * * * organized or operating under the laws of the United States' within the meaning of the Clayton Act, with the result that that Act would be applicable to Mr. Newman's services to that association and to the State banks named above, provided such banks make loans secured by stock or bond collateral.

"However, there are now pending in Congress proposed amendments to the Clayton Act which would make it inapplicable to such relationships, and the Board has therefore decided not to take further action in connection with this matter until

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"it can be definitely ascertained whether the proposed amendments will be enacted at this session."

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 February 28, 1935, inclosing a letter dated February 23, 1935, from Mr. W. L. Hemingway, St. Louis, Missouri, requesting an amendment to his Clayton Act permit.

"On January 16, 1934, Mr. Hemingway was granted permission to serve at the same time as director and officer of Mercantile-Commerce Bank and Trust Company and as director of Mercantile-Commerce National Bank in St. Louis, both of St. Louis, Missouri; and it is noted that he is now serving also as president of Mercantile-Commerce National Bank in St. Louis and requests that his permit be amended accordingly.

"The Board has approved the request of Mr. Hemingway and there are inclosed the original and copies of an amended permit covering his present services as director and officer of Mercantile-Commerce Bank and Trust Company and as director and officer of Mercantile-Commerce National Bank in St. Louis, for the period ending January 14, 1936, for transmittal by you to the applicant and the banks involved and a copy for your files.

"In view of the Board's letter of April 9, 1934, (X-7856), it is assumed that you are satisfied that Mr. Hemingway is not now serving any organization other than those which he listed in item 12 of F.R.B. Form 94 in his application dated November 20, 1933; but it will be appreciated if you will advise the Board regarding this matter in order that its files may be complete. However, if Mr. Hemingway is serving any organization other than those listed in that application, please advise the Board regarding the matter and hold the permit pending further advice from the Board.

"When the permit is sent to Mr. Hemingway and copies thereof to the banks involved, please advise them that the permit has been issued so as to expire at the close of January 14, 1936, as there is now pending before the Congress proposed legislation for the purpose of clarifying and otherwise amending the provisions of the Clayton Act relating to interlocking bank directorates.

"In connection with this case reference is also made to the Clayton Act permits granted on January 16, 1934, to Messrs. W. B. Cowen, John G. Lonsdale, L. Wade Childress, Louis H. Egan,

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"George D. Markham, Samuel A. Mitchell, E. J. Mudd, Frank C. Rand, Ernest W. Stix, F. W. A. Vesper, James L. Westlake and Geo. W. Wilson and to the permits granted on September 22, 1934, to Messrs. Joseph A. McCarthy and Oscar G. Schalk, to serve at the same time as directors and/or officers of Mercantile-Commerce Bank and Trust Company and Mercantile-Commerce National Bank in St. Louis. The permit granted to Mr. Lonsdale also included his service as a director of the Federal Reserve Bank of St. Louis.

"In its letter of January 16, 1934, to you, inclosing copies of letters with which were transmitted the permits of all of the above named individuals except Messrs. McCarthy and Schalk, the Board advised you that the permits were issued with the understanding on the part of the Board that the Mercantile-Commerce Bank and Trust Company would dispose of all of the stock of the national bank held by it within six months from December 15, 1933, directed your attention to the Board's letter of December 12, 1933, to the president of Mercantile-Commerce Bank and Trust Company and requested you to review all of these permits (except those of Messrs. McCarthy and Schalk which were not approved until September 22, 1934) not later than June 15, 1934, and advise the Board whether, in view of all the circumstances then involved, in your opinion the public interest required their revocation. In your letter of October 23, 1934, submitting your review of these cases, you stated that in the light of the circumstances involved it was your opinion that the public interest did not require the revocation at that time of the permits granted to the above named individuals on January 16, 1934; but in that connection, you also made reference to previous correspondence between Mercantile-Commerce Bank and Trust Company and the Board relative to the question of the disposition by the trust company of the stock of Mercantile-Commerce National Bank in St. Louis.

"Relative to this matter, the Board, in its letter of March 27, 1935, to Mercantile-Commerce Bank and Trust Company, a copy of which was forwarded to you, advised the bank that it had again carefully considered this entire matter and, since it appeared that the bank had disposed of the stock and could not exercise its option to repurchase it without the permission of the Board and since by virtue of the Banking Act of 1933 such permission could not be given, it concluded that no further action in this matter was then required.

"The Board has given further consideration to the Clayton Act permits referred to above, and in view of the decision reached with regard to the matter of the disposition of the stock of the Mercantile-Commerce National Bank in St. Louis, as indicated in its letter of March 27, 1935, is willing to

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"allow the permits heretofore granted to the above named individuals to continue in effect. In this connection, it is noted from Mr. Hemingway's letter of October 16, 1934, to you, a copy of which was forwarded with your letter of October 23, 1934, that Mr. W. B. Cowen is deceased."

Approved.

Letters dated April 20, 1935, approved by five members of the Board, to applicants for Clayton Act permits advising respectively of the issuance of permits by the Board as follows:

Mr. Frank E. Mellet, to serve at the same time as a director and officer of The City National Bank of Pottsville, Pottsville, Pennsylvania, and as a director and officer of The Union National Bank of Shenandoah, Shenandoah, Pennsylvania, for the period ending January 14, 1936.

Mr. Hayward Niedringhaus, to serve at the same time as a director of the Mississippi Valley Trust Company, St. Louis, Missouri, as a director and officer of the First Granite City National Bank, Granite City, Illinois, and as a director of The Equitable Trust Company of New York, New York, New York, for the period ending January 14, 1936.

Mr. T. L. Abernathy, to serve at the same time as a director and officer of The Leonard National Bank, Leonard, Texas, and as a director of the First State Bank, Randolph, Texas, for the period ending January 14, 1936.

Approved.

Letter dated April 22, 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. Henry A. Koelsch, Jr., to serve at the same time as an officer of The National City Bank of New York, New York, New York, as an officer of the International Banking Corporation, Bridgeport, Connecticut, and as a director of The National City Bank of New York (France) S. A., Paris, France, for the period ending January 14, 1936.

Approved.

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

Mr. Kent B. Hayes, to serve at the same time as a director of The Citizens-Farmers National Bank of Chickasha, Chickasha, Oklahoma, and as a director and officer of The First National Bank and Trust Company, Oklahoma City, Oklahoma, for the period ending January 14, 1936.

Mr. B. H. B. Damon, to serve at the same time as a director of the Bishop Trust Company, Limited, Honolulu, Territory of Hawaii, and as a director and officer of the Bishop National Bank of Hawaii at Honolulu, Honolulu, Territory of Hawaii, for the period ending January 14, 1936.

Approved.

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

<u>Application for ORIGINAL Stock:</u>	<u>Shares</u>	
<u>District No. 4.</u>		
The Second National Bank of Masontown, Masontown, Pennsylvania.	36	36
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 2.</u>		
Montclair Trust Company Montclair, New Jersey.	186	
Federal Trust Company Newark, New Jersey.	1,460	
Colonial Trust Company New York, N. Y.	1,200	
The First National Bank of Kenmore Kenmore, N. Y.	30	
The Exchange National Bank of Olean Olean, N. Y.	<u>150</u>	3,026

Approved.

Thereupon the meeting adjourned.

Robert Morley
Secretary.

Approved:

W. S. ...
Governor.