

A meeting of the Federal Reserve Board was held in Washington on Monday, May 6, 1935, at 2:30 p. m.

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

Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Governor

Governor Eccles reviewed the consideration which he had given and discussions which he had had recently with regard to the advisability of the appointment by the Federal Reserve Board of a first class public relations man as a member of its staff, and stated that he desired to recommend to the Board the employment in that capacity of Mr. Elliott L. Thurston who is now a member of the staff of the Washington Post. Governor Eccles said that his investigation of Mr. Thurston indicated that he stands very high in the estimation of newspaper men and is about as well informed on economic and monetary matters and is as well qualified by past training and experience as any writer available for the position.

Governor Eccles also stated that Mr. Daiger, who had been employed by the Board on a temporary basis as a Special Assistant to the Board, had done good work on the matters assigned to him and had been very helpful in connection with the pending legislation, that he (Governor Eccles) did not wish to dispense with Mr. Daiger's services, at least before the adjournment of Congress, and that in the meantime he would work under Mr. Thurston's direction.

He said that he had discussed the possible employment of Mr. Thurston with Mr. Julius Stern, owner of the New York Evening Post, for

5/6/35

-2-

whom Mr. Thurston worked before joining the staff of the Washington Post, and that Mr. Stern had said that if at any time the Board should desire to dispense with the services of Mr. Thurston he would be very glad to offer him a place on the staff of his organization and that Governor Eccles would be at liberty to advise Mr. Thurston of that statement.

Governor Eccles added that since becoming Governor of the Federal Reserve Board he had found the work done for him by the Board's Division of Research and Statistics very thorough and satisfactory and that he felt that, in the interest of good organization, Mr. Henry H. Edmiston, Economic Assistant to the Governor, should be transferred to that division so that all economic and monetary research activities could be handled directly through that division. He said that, should Mr. Thurston be employed by the Board, he would recommend the transfer of Mr. Edmiston to the Division of Research and Statistics, provided the transfer meets with the approval of Mr. Goldenweiser, Director of the Division.

Governor Eccles advised the other members of the Board that he had had a brief interview with Mr. Thurston on May 3, 1935, to ascertain whether or not he would be available for employment by the Board and had advised him of Mr. Stern's statement regarding his willingness to offer Mr. Thurston a position on the staff of his organization. He said that he had informed Mr. Thurston that, should his employment by the Board be recommended, the salary could not exceed \$10,000 per annum and that his employment would be with the understanding that he would give his entire time and attention to the work of the Board and that the continuation of his employment would

5/6/35

-3-

depend upon the Board being satisfied with his work and whether later developments would justify the retention of his services. Mr. Thurston had replied, Governor Eccles stated, that, while he was earning in excess of \$12,000 per annum, he would be willing, because of his interest in monetary subjects and the field in which he would work in the new position, to accept \$10,000 per annum.

Upon inquiry as to the services which Mr. Thurston would perform after the Banking Bill was disposed of, Governor Eccles said that it was his plan that Mr. Thurston would set up a public relations division similar to the division in the Treasury Department under the supervision of Mr. Herbert E. Gaston, Special Assistant to the Secretary of the Treasury, that he would keep in close touch with current press comment, assist in the preparation of press statements, answer inquiries from the press and others, and prepare replies to some of the numerous letters being received by the Board on the Banking Bill and other matters, and that he would be available to all of the members of the Board in connection with public relations.

The Governor also said that he felt that, if the program of the Federal Housing Administration is worked out in a way that the Federal Reserve Board and the Federal reserve banks would be justified in lending their support to it, he felt a great deal could be accomplished by visits by representatives of the Housing Administration and of the Federal Reserve Board to the various Federal reserve bank and branch cities where they would arrange meetings with bankers for the purpose of explaining the facilities offered under the National Housing Act.

5/6/35

-4-

Mr. Szymczak moved that Governor Eccles be authorized to employ Mr. Thurston for public relations purposes with salary at the rate of \$10,000 per annum with the understanding that Mr. Daiger would work under the direction of Mr. Thurston.

Mr. Hamlin raised the question of placing Mr. Daiger on a permanent basis and the Governor stated that he hesitated to take such a step for the reason that it might develop that after the Banking Act of 1935 had been disposed of the Board would not be able to make effective use of Mr. Daiger's services.

Mr. Miller stated that, while he had a very high regard for Mr. Thurston, he felt that the employment by the Board of a public relations man was a step in the wrong direction as it was his opinion that any activity on the part of the Board in the nature of propaganda would result in difficulty.

Messrs. Hamlin and Thomas indicated that they felt the employment of a public relations man was desirable and Mr. Thomas stated that he was of the opinion at the time Mr. Daiger was employed that it was important that steps be taken to inform the public of the Board's position on important matters.

Governor Eccles stated that he would have no objection to the employment of Mr. Thurston as a Special Assistant to the Governor until such time as it could be determined definitely whether the Board should have a public relations division or whether it should continue the employment of Mr. Thurston in some other status.

Mr. Szymczak withdrew his original motion and moved that the Governor be authorized to employ Mr.

5/6/35

-5-

Thurston as Special Assistant to the Governor, with salary at the rate of \$10,000 per annum, with the understanding that Mr. Daiger's temporary status will be continued for the present and that he will work under the direction of Mr. Thurston.

Carried, Mr. Miller voting "no".

It was agreed that the matter of the employment of Mr. Thurston by the Board should be held in confidence until negotiations with him are completed.

During the consideration of the employment of Mr. Thurston, Senator Glass called Governor Eccles on the telephone and arranged to have him appear on Friday, May 10 at 10:30 a. m. at hearings before the subcommittee of the Senate Banking and Currency Committee on the proposed Banking Act of 1935.

The Board then acted upon the following matters:

Letter dated May 2, 1935, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegram dated May 2 from Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, both advising that, at meetings of the boards of directors held on that date, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.

Letter dated May 2, 1935, prepared in accordance with the action taken at the meeting of the Board on April 27, and approved by six members of the Board, to the chairmen of all Federal reserve banks, reading as follows:

5/6/35

-6-

"At the present time discount rates at the Federal Reserve banks vary from $1\frac{1}{2}\%$ to $2\frac{1}{2}\%$, the higher of these rates being in effect at Richmond, Minneapolis, Kansas City and Dallas, the 2% rate at Boston, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis and San Francisco, and the $1\frac{1}{2}\%$ rate at New York.

"The Federal Reserve Board has recently given consideration to the basis for the present level of rates and for the differentials in the rates at the different reserve banks. During the discussion attention was called to the fact that member banks in all Federal Reserve districts have a large volume of excess reserves; that short-term market rates are at the lowest levels of modern times and other rates are also low and declining; and that the spread between the discount rates and open market acceptance rates has grown to such an extent that there is now no apparent relationship between them.

"It was recognized in the discussion that the possibility of borrowing by member banks is not a factor at this time, but the question was raised whether failure to lower the discount rates may lend support to the criticism that the Federal reserve banks are not using all the means within their power to assure the continuance of easy money conditions and whether therefore a reduction of rates might not be desirable in order to avoid such a criticism.

"In the circumstances, the Board desires that the matter be considered by the officers of the Federal reserve banks with their directors at the earliest opportunity and that the Board be advised as to the conclusions reached.

"In this connection there is attached for your information a copy of a memorandum which sets forth some of the reasons for suggesting that the question be considered at this time."

Memorandum of Reasons for Suggesting Consideration
of Reduction of Discount Rates at this time.

"The discount rates of the Richmond, Minneapolis, Kansas City and Dallas banks are $2\frac{1}{2}\%$. The other Federal reserve banks have a discount rate of 2%, with the exception of New York, which has a rate of $1\frac{1}{2}\%$. The following considerations have been advanced in favor of a reduction:

1. Not only rediscount rates but short-term market rates of all kinds are at the lowest levels, or nearly the lowest levels, of modern times. Reluctance to establish still lower rates would leave the System open to the criticism that it was not making the fullest possible use of every means within its power to further recovery.

5/6/35

-7-

"2. A reduction in rediscount rates would be regarded by the business community as a sign that the reserve banks approved the continuance of present easy-money conditions. Such an indication would be particularly important to buyers of bonds. While such a measure of policy is only one of the great variety of circumstances which determine the attitudes and expectations of business men, no chance of bringing about even a small improvement in the tone of business sentiment should be lost.

"3. The theory underlying the argument that such a change would destroy the traditional differential between western and eastern reserve banks is that rediscount rates should not be so far under customer rates prevailing in the various districts as to tempt member banks to disregard the custom of remaining in debt only for short periods. This implies that rediscount rates should be high in districts where customer rates are high. Since there will be no inducement for member banks to borrow at any rates, however low, so long as they retain their large holdings of excess reserves it is obvious that under present conditions this argument has no force.

"4. There are great advantages in a low level of rates as a point of departure for the adoption of the restrictive banking policy which may shortly become necessary. Beginning from a low level will allow greater scope and flexibility to a program of rate increases before levels are reached which indicate that the System considers that the situation has reached a critical stage."

Approved.

Memorandum dated April 30, 1935, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Caroline M. Burgess, who has been employed on a temporary basis as a clerk in the division since February 16, 1935, 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.

5/6/35

-8-

Letter dated May 3, 1935, approved by five members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"Reference is made to Mr. McRae's letter of April 16, 1935, inclosing a letter from the 'Worcester County Trust Company', Worcester, Massachusetts, which was admitted to membership November 13, 1934, requesting an extension of time within which it may comply with condition of membership numbered 23, which reads as follows:

'As soon as practicable, and in any event within six months after admission to membership, such bank shall dispose of all corporate stocks which may be acquired under the plan of reorganization, except stock of the Worcester Depositors Corporation which is to be held pending liquidation of the corporation, stock of the Real Estate and Mortgage Corporation referred to in condition numbered 22 above, and stock of the Worcester Safe Deposit Vaults, Inc.'

"The extension of time is requested in connection with the following stocks:

2623 shares Worcester County Trust Company	Class A preferred stock, carried at	\$	0
62 shares Mechanics National Bank of Worcester, Mass.,	carried at		3,236.10
70 shares Milford National Bank of Milford, Mass.,	carried at		1,400.00
5 shares Northborough National Bank of Northborough, Mass.,	carried at		375.00

"The report of examination of the Worcester Bank and Trust Company as of July 27, 1934, made by examiners for the Federal Reserve Bank of Boston, indicates that all of the stocks listed above, except the 2,623 shares of Worcester County Trust Company Class A preferred stock, were owned by the institution before its reorganization, the change of its corporate title to Worcester County Trust Company, and its admission to membership. Therefore, such stocks do not appear to have been acquired under the plan of reorganization, in which event they do not come within the provisions of condition of membership numbered 23. However, if such stocks were acquired under the plan for reorganization and therefore come within the provisions of the condition of membership, the Board, in view of all the circumstances, including the recommendation of your office, extends to November 13, 1935, the time within which the Worcester County Trust Company may dispose of the following stocks:

62 shares Mechanics National Bank of Worcester, Mass.
70 shares Milford National Bank of Milford, Mass.
5 shares Northborough National Bank of Northborough, Mass.

"The Board understands that 74 of the 2,623 shares of the trust company's own preferred stock were acquired as the result

5/6/35

-9-

"of the compromise of an obligation and 2,549 shares were acquired as a result of the deposit of the Worcester County National Bank in the Worcester Bank and Trust Company (now Worcester County Trust Company) prior to the banking holiday which resulted in the Worcester County National Bank acquiring a Class A certificate of the Worcester Depositors Corporation, in exchange for which the national bank received cash and the aforesaid stock, which, in turn, was transferred by it to the trust company on November 10, 1934, when the assets of the national bank were acquired by the trust company under the plan for reorganization of the trust company.

"Under the provisions of section 9 of the Federal Reserve Act, as you know, State member banks are subject to the provisions of section 5201 of the Revised Statutes of the United States with regard to the holding by a bank of its own stock. In view of the provisions of section 5201, the Board does not have authority to extend the time within which the Worcester County Trust Company should dispose of the 2,623 shares of its own preferred stock. However, the Federal Reserve Board, under the provisions of section 9 of the Federal Reserve Act, is vested with discretion as to what action, if any, should be taken on account of the failure of a State member bank to comply with the requirements of law. It is the practice of the Board, in passing on such a question, particularly where the requirement is to the effect that assets which have legally been acquired shall be disposed of within a specified time, to give careful consideration to all of the circumstances involved, including the attitude of the bank and the efforts which it has made to comply with the applicable requirements in the light of the effect on the bank, and, in reaching its conclusion, to give due weight to whether, in view of all the circumstances, it was practicable for the bank to comply fully with the requirements within the time prescribed. The reorganization plan contemplates that the Class A preferred stock with a par value of \$10.00, will ultimately be retired at \$21.20 a share, and it is noted that the State Bank Commissioner has objected to a sale at this time on the basis of the price which could be obtained for the stock held by the bank. It is noted also that the State Bank Commissioner has objected to the retirement of the odd amount of stock believing that in view of the recent reorganization it would be undesirable to make any adjustment in the capital account of the bank at this time.

"It is suggested that, if it has not already thoroughly canvassed this possibility, the bank consider whether it would be practicable to dispose of the stock to some of its directors or interests closely connected with the bank at a price having a reasonable relation to its retirement value, rather than to

5/6/35

-10-

"sell it at auction. It is also suggested that the bank may wish to have its counsel give consideration to whether it would be practicable to trustee the stock for the benefit of its common stockholders in such a way that the bank will not be a holder thereof within the meaning of the provisions of section 5201. If such a plan is to be adopted, it is suggested that your office and counsel for the reserve bank be given an opportunity to review the draft of the agreement before it is submitted for adoption.

"Please inform the bank of the Board's action and the Board's views as expressed herein and advise the Board as to the steps taken by the trust company in the matter."

Approved.

Letter dated May 3, 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:

"Condition numbered 2, prescribed by the Board in connection with the application for membership of the 'Bank of New York and Trust Company', New York, New York, provides, among other things, that the bank shall not reduce its capital stock without first obtaining the approval of the Federal Reserve Board. On July 2, 1934, however, the bank retired \$1,000,000 capital notes, the entire issue, which had been sold to the Reconstruction Finance Corporation, and it does not appear that the Board's approval of the retirement has been requested or granted. It is understood that the capital notes which were purchased by the Reconstruction Finance Corporation on December 18, 1933, were issued to mature July 31, 1934.

"The report of examination as of February 4, 1935, indicates that the bank is in a satisfactory condition. In view of the circumstances, therefore, and in order that there may be no question raised in the future as to compliance with the condition of membership by reason of the capital adjustment, the Board approves the action of the Bank of New York and Trust Company in retiring the \$1,000,000 capital notes referred to above."

Approved.

Letter dated May 3, 1935, approved by five members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York,

5/6/35

-11-

reading as follows:

"Reference is made to the report of examination of the 'Madison County Trust and Deposit Company', Oneida, New York, as of February 23, 1935, and to the supplementary information submitted in connection therewith.

"After allowance for estimated losses, doubtful assets, and depreciation in securities, the report of examination reflects a net sound capital of \$166,000 as compared with deposits of \$2,141,000, while the bank had an investment of \$218,000 in banking house and furniture and fixtures and \$131,000 in other real estate after allowance for estimated loss of \$15,000. It is noted that efforts are being made to strengthen the bank's capital and that the Reconstruction Finance Corporation has been requested to consider the purchase of capital debentures in addition to the \$150,000 of such debentures now held by it.

"The examiner states that the call report of condition of December 31, 1934, which reflects reserves for contingencies of \$42,315, was incorrect in that allocated reserves were not applied to assets. You are familiar with the position of the Board, frequently expressed, that estimated losses and depreciation listed for elimination have not been properly eliminated by the setting up of reserves which are included with the bank's capital accounts in its published statements but that such reserves should be used either in making charge-offs of the estimated losses and depreciation or treated as valuation reserves and deducted from the assets against which allocated, showing only the net amount of the assets in the published statements. If any reserves for losses are shown among the capital accounts, they should represent allocations of surplus or undivided profits to cover possible or potential losses or, in other words, represent true 'reserves for contingencies'. It will be appreciated if you will bring, if you have not already done so, the position of the Board to the attention of the bank.

"The large amount of depreciation in the bank's investment account indicates the need for its close supervision and the desirability of improving the quality of the securities held as opportunities are offered. 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.

"It is observed that while the present management is considered good and that the loans adversely criticised in the report of examination were inherited from the former management, much remains to be done to place the bank in a satisfactory

5/6/35

-12-

"condition. Please keep the Board advised of any improvements effected in its general condition and of the eliminations made of estimated losses and depreciation in lower grade securities."

Approved.

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

"This refers to your letter of April 18, 1935, regarding the application of the 'South Philadelphia National Bank of Philadelphia', Philadelphia, Pennsylvania, 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 September 12, 1934, granted the South Philadelphia National Bank of Philadelphia permission to act as fiduciary only in the specific trusts in which The Southwestern National Bank of Philadelphia had been appointed and was acting at the time the South Philadelphia National Bank of Philadelphia 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 board of directors, in which recommendation the Comptroller of the Currency concurs, the Board is unwilling at this time to grant the South Philadelphia National Bank of Philadelphia 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 other factors involved are such that you would be willing to submit it with a favorable recommendation."

Approved.

Letter dated May 2, 1935, approved by five members of the Board, to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Receipt is acknowledged of your letter of February 11, 1935, with regard to the application of the 'National Bank of Commerce of Lincoln', Lincoln, Nebraska, for permission to exercise full fiduciary powers, on which action was deferred

5/6/35

-13-

"by the Board on July 3, 1934, in view of the bank's low ratio of capital structure to deposits.

"In accordance with the request contained in your letter, the Board has again reviewed the bank's application, taking into consideration, among other things, the present amount of its capital accounts, the nature of its deposit liabilities, and the degree of liquidity in its assets.

"As you know, the Board has repeatedly taken the position that, as a general principle, a bank's capital and surplus ordinarily should not be less than one-tenth of the average amount of its aggregate deposit liability. In keeping with this position, it is apparent that, in acting upon applications for fiduciary powers, the Board should consider whether or not the amount of capital and surplus of the applying bank is adequate in the circumstances involved in the particular case, and this fact is recognized by the provisions of the Federal Reserve Act under which the Board is authorized to grant fiduciary powers to national banks. In view of the nature of the responsibility involved in the exercise of fiduciary powers, it would seem clear that as a general proposition such powers should not be granted to the bank unless its capital and surplus are sufficient to afford adequate protection not only to its depositors but also to the beneficiaries of trusts in which it undertakes to act. The action previously taken by the Board in the instant case was based upon this general principle, and, in the absence of extraordinary circumstances, the Board would not feel warranted in changing its original position so long as the bank's capital accounts remain inadequate.

"The latest available report of examination, made as of February 11, 1935, shows that the applicant bank has increased its surplus \$100,000 since the time of the previous examination, out of earnings, and indicates that a further increase of approximately \$100,000 is contemplated through the acquisition of certain acceptable assets of the affiliated Commerce Trust Company (in liquidation). It is noted, however, that these increases in capital accounts have already been substantially offset by a further increase in deposit liabilities. In this connection, the report of examination of February 11, 1935, shows total capital accounts, including all undivided profits and reserves, of approximately \$668,000 as compared to total deposit liabilities of \$10,403,800, so that even after the proposed transfer of assets from the affiliated company the ratio of total capital structure to deposits would be only approximately 1 to 13½ (7.4%); capital and surplus alone providing a ratio of but 1 to 17 (5.8%). It is also noted from the bank's call report as of March 3, 1935, that deposits have increased approximately \$550,000 since February 11, 1935, which further reduces the margin of protection afforded depositors.

5/6/35

-14-

"In this connection, it has been noted that a substantial portion of the applicant's deposit liabilities consists of public funds and deposits of country banks and that the institution contends that the present average of deposits is far beyond that which it can reasonably expect to maintain under normal business conditions. There is, however, no indication at the present time as to when this anticipated shrinkage in deposits will occur. In fact, the deposit liabilities of the applicant bank have steadily increased during the past twelve months or more and may continue to do so for some time to come. The present high average of deposits is admittedly something more than a seasonal increase and there is nothing definite to indicate that there will be a substantial reduction in deposits in the near future, or that the anticipated reduction when it does occur will reduce the applicant's total deposits to an amount in keeping with its capital structure.

"In view of all the circumstances, the Board feels that it should not grant trust powers to the applicant bank as long as the present inadequacy in its capital accounts exists, and you are requested to advise the bank accordingly. It is believed that the bank, if it seriously desires to obtain trust powers, should be willing to add to its capital structure sufficiently to provide a ratio of unimpaired capital and surplus to total deposits of approximately 1 to 10, and, if this should be accomplished, the Board would be glad to give further consideration to the application for fiduciary powers. It is assumed, of course, in this connection, that if additional capital could not as a practical matter be raised locally, consideration would be given to the possibility of obtaining additional capital from the Reconstruction Finance Corporation.

"It has been noted from the report of examination made as of February 11, 1935, that the applicant bank has been dominated for many years by President Weil; that his son, formerly vice president of the bank, who was expected to succeed him, died recently; and that some doubt is expressed as to the ability of the present active officers to manage the bank successfully in the event President Weil's activities are terminated. In the event the bank's application for fiduciary powers is again submitted to the Board, it will be appreciated if you will give the Board the benefit of your opinion as to the competency of the various executive officers, other than President Weil, particularly those who might be called upon to deal with trust matters, and as to what the institution's future prospects would be under their management."

Approved.

5/6/35

-15-

Letter dated May 2, 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 Mr. Dillistin's telegram of April 1, 1935, recommending approval, in accordance with the requirements of membership condition numbered 9, of the action taken on July 2, 1934, by the 'Lawyers County Trust Company', New York, New York, in retiring at maturity the \$250,000 of capital notes held by the Reconstruction Finance Corporation.

"It appears from the report of examination as of October 27, 1934, that the bank is in a generally satisfactory condition and that its remaining net capital structure is in excess of 10% of its deposit liabilities. In view of all the circumstances, therefore, including the recommendation of your office, the Board approves the action taken by the Lawyers County Trust Company in retiring at maturity the capital notes referred to above.

"It is understood that the questions raised by the examiner in connection with the possible violation by the bank of membership condition numbered 17 relative to the securing of trust funds on deposit in the commercial department, and of Section 32 of the Banking Act of 1933 relative to the retention of the services of former directors Sachs and Rothschild as Advisory Members of the Investment Committee are under consideration in your office and that the Board will, in due course, be advised of the action taken in connection with these matters."

Approved.

Letter dated May 3, 1935, approved by four members of the Board, to Mr. O'Connor, Comptroller of the Currency, reading as follows:

"In accordance with your recommendation, the Federal Reserve Board approves a reduction in the common capital stock of 'The Teague National Bank', Teague, Texas, from \$60,000 to \$50,000, pursuant to a plan which provides that none of the released capital will be returned to the stockholders but will be used to augment the bank's surplus, all as set forth in your letter of April 24, 1935."

Approved.

5/6/35

-16-

Letter to Mr. David Saperstein, Director of the Trading and Exchange Division of the Securities and Exchange Commission, reading as follows:

"Referring to your letter of March 5, the Board does not plan to proceed further at this time in the matter of the Securities Financing Company of Cleveland, Ohio, having been advised by representatives of the Federal Reserve Agent in the Cleveland district that the company is apparently observing the provisions of Regulation T.

"If the Commission, however, wishes, in connection with its activities under section 21(a) of the Securities Exchange Act of 1934, to make any investigations of this company, the Board will be glad to ask the Federal Reserve Agent in the Cleveland district to assist the Commission to the fullest extent."

Approved.

Letter dated May 4, 1935, approved by five members of the Board, to Mr. A. E. Demaray, Associate Director of the National Park Service, reading as follows:

"Receipt is acknowledged of your letter of April 23, 1935, in which you state that because of the lack of funds for moving the present occupants of Temporary Building No. 5 it will be necessary to wait until funds for the approaching fiscal year become available on July 1, 1935, before moving operations can be undertaken.

"As you know, the Federal Reserve Board took title on January 22, 1935, to the premises on which Temporary Building No. 5 is located. The Board has been advised of certain correspondence between the Treasury Department and the Department of the Interior culminating in a letter dated February 21, 1935, from the Secretary of the Treasury to the Secretary of the Interior wherein the Secretary of the Treasury indicated that in his opinion a deed to the premises was delivered to the Federal Reserve Board under circumstances which justified the Board in assuming that possession of the premises would be delivered to the Board on June 1, 1935, at the latest. In this letter the Secretary of the Treasury requested that the assurances thus given to the Board be regarded as binding. Prior to the receipt of your letter of April 23, 1935, the Board received no suggestion, either in the correspondence referred to or elsewhere, that the assurances as to the moving of the present

5/6/35

-17-

"occupants of the building by June 1, 1935, were conditioned upon the availability of funds for that purpose.

"Relying on these assurances and on the assumption that the removal of the personnel now occupying Temporary Building No. 5 would be completed before June 1, 1935, the Board has proceeded aggressively with its plans for beginning construction of the new building at the earliest possible date. The jury to judge the competition for the selection of an architect for its new building has been requested to meet on May 16 and the Board has set aside May 18 for its meeting to act upon the recommendation of the jury. The Fine Arts Commission has cooperated with the Board by arranging a meeting to be held on May 20 to consider the design submitted by the architect selected by the Board and the Board has advised all of the competing architects that it desires that they hold themselves available so that the winning architect may, immediately upon advice of his selection, come to Washington for the meeting of the Fine Arts Commission on May 20, and proceed at once with the work upon the plans and specifications for the new building.

"In the meantime, the Board's staff has been working upon the drafts of the invitation for bids and contract for the destruction of Temporary Building No. 5, and also upon a draft of the contract to be executed by the winning architect, as well as collecting the necessary information upon which to base the preparation of the contract to be entered into for the construction of the new building. While the Board has noted your suggestion that the work of the destruction of Temporary Building No. 5 might be included as a part of the contract for the erection of the new building, it has been estimated by representatives of the National Park Service that a working period of as much as 45 days should be allowed the contractor for the destruction of the old building, and it appears that the adoption of this suggestion would materially delay the beginning of construction work on the new building, which might be avoided by having the destruction begin immediately after June 1, during the period while the architect is completing his working drawings and specifications for the new building.

"Therefore the Board feels that the understanding between the Secretary of the Treasury and the Secretary of the Interior should be adhered to, and that arrangements should be made to move the present occupants prior to June 1, 1935, in order that the Board may not be delayed unnecessarily in beginning the actual construction of the new building."

Approved.

5/6/35

-18-

Letter dated May 2, 1935, approved by five members of the Board, to Mr. F. V. Grayson, Auditor for the Federal Reserve Bank of Cleveland, reading as follows:

"Receipt is acknowledged of your letter of April 20 and the report of the audit of the Fiscal Agent's books as of the close of business March 30, 1935. Your report will be brought to the attention of the Federal Reserve Board.

"With respect to the last paragraph of your letter, you may be assured that your comments and suggestions will be received in the spirit in which they are offered and will be given careful consideration.

"The question whether additional help will be needed for the Fiscal Agent and the voucher and personnel clerks will be given consideration if it should develop that the work in connection with the new building, or otherwise, increases to such an extent as to make it necessary. At present I understand that the existing force engaged in this particular work is adequate.

"With respect to your reference to the inquiry from the Comptroller General regarding the administration of funds of the Federal Reserve Board, I attach for your information a copy of the Board's reply to the Comptroller General.

"We shall be glad to comply with your suggestion that the Federal reserve banks be furnished a synopsis of each of the audits of the accounts of the Fiscal Agent, but it is not clear what you have in mind unless it be the certification on page 9. If not, it occurs to me that it would be preferable for you to prepare such a synopsis as you think would be desirable. It will be appreciated if you will advise me further on this point.

"Your suggestion with regard to the availability of the vault and the use of it for records of the Fiscal Agent's office and the personnel and voucher clerks has been noted and will be borne in mind when the details of the plans are taken up with the architect finally selected. As you know, the Board's program calls for two book vaults on each floor and I understood from our conversation that you felt that such a provision would meet the point which you have in mind.

"With respect to the 'copy of the resume' of contracts or agreements referred to in the second paragraph on page two of your letter, I am not clear as to what you have in mind but am sending you herewith a copy of the program for the competition which contains all that has been done by the Board up to this time in the direction of prescribing the forms of contracts.

5/6/35

-19-

"At the time when the program was issued by the Board there was transmitted to the chairman of each Federal reserve bank a letter containing a brief history of what had taken place up to that time."

Approved.

Letter dated May 2, 1935, approved by six members of the Board, to the Comptroller General of the United States, reading as follows:

"This refers to your letter of March 25, 1935, in which you call attention to section 24 of the Permanent Appropriation Repeal Act, 1934, approved June 26, 1934, and request information from the Board as a basis for a report by you under the provisions of that Act. In this connection, you state that the matter of securing a report from the Federal Reserve Board was informally taken up with a member of the Board's staff by a representative of your office in order to save time, if possible, in assembling the data which under the Act you are directed to report to Congress.

"Although your letter does not so state, it is understood that the information which is desired is that referred to in paragraph 17 of General Accounting Office Regulation No. 80, which was issued under date of August 15, 1934, pursuant to the provisions of the Act of June 26, 1934. Several months ago a representative of your office called upon Mr. Noell, Assistant Secretary of the Federal Reserve Board, and invited attention to this matter. It was suggested that if your office desired the Federal Reserve Board to make a report in this matter the appropriate procedure would be to address a letter to the Board making such request and your representative apparently agreed as to the desirability of this procedure. The only request addressed to the Federal Reserve Board in this matter is that contained in your letter of March 25, 1935.

"The Federal Reserve Board is advised by its Counsel that section 24 of the Permanent Appropriation Repeal Act, 1934, is not applicable to the Federal Reserve Board or to its funds. However, the Board always desires to cooperate when it consistently can with other agencies of the Government and, accordingly, is glad in this instance to furnish below the information which you desire.

"The information set forth below with respect to the funds of the Federal Reserve Board is listed in the order mentioned in paragraph 17 of General Regulations No. 80. Substantially the same information will appear in the Board's Annual Report for the calendar year 1934.

5/6/35

-20-

"Statement Relative to the Funds of the Federal Reserve Board.

(a) The sources from which received.

1. Assessment on Federal Reserve Banks. (Act of December 23, 1913, as amended.)
2. Subscriptions to Federal Reserve Bulletin.
3. Sale of publications.
4. Reimbursement for cost of leased wire systems.
5. Reimbursement for cost of examination of banks and corporations doing a foreign business.

(b) Purpose.

Salaries and Expenses of the Federal Reserve Board.
 Cost of printing Federal reserve notes and Federal reserve bank notes.
 Cost of leased telegraph and telephone lines.
 Cost of printing for Federal Reserve Banks.

(c) Amounts.

Receipts during the calendar year 1934, under (a) above:

1.	\$1,709,602.04	
2.	4,540.84	
3.	929.89	
4.	250,719.05	
5.	<u>110.18</u>	
Total		\$1,965,902.00
Balance at beginning of year 1934		<u>40,639.40</u>
		\$2,006,541.40
Disbursed for all purposes during the year 1934		<u>1,896,323.16</u>
Balance December 31, 1934		<u>\$ 110,218.24</u>

(d) Where deposited or how kept.

Deposited in Federal Reserve Bank of Richmond.

(e) To whom an accounting is rendered.

Accounting is rendered to Federal Reserve Board, with independent audit four times each year by the Audit Department of the Federal Reserve Bank of Cleveland."

Approved.

5/6/35

-21-

Letter dated May 2, 1935, prepared in accordance with the action taken at the meeting of the Board on May 1, and approved by six members of the Board, to Mr. Walter W. Smith, President of the Federal Advisory Council, reading as follows:

"Your letter of April 27, 1935, with regard to the May meeting of the Federal Advisory Council was discussed at the meeting of the Federal Reserve Board yesterday.

"The Board does not have in mind any topics which would seem to require discussion with the Council at this time, and, in view of the meetings which have already been held during the current year, is in agreement with the suggestion contained in your letter that the May meeting of the Council be not called."

Approved.

Memorandum dated March 26, 1935, from the Board's Committees on Research and Statistics and Salaries and Expenditures of Federal Reserve Banks recommending that pending the result of the study now being made by the Board's Division of Research and Statistics, of the statistical and analytical functions of the twelve Federal reserve banks in accordance with the Board's action of December 12, 1934, the Board approve the budgets submitted by the Federal reserve agents at the various Federal reserve banks covering the statistical and analytical functions of the respective banks during the year 1935. The committees also recommended that all of the Federal reserve agents be specifically advised that expenses of the statistical and analytical function during 1935 must not be permitted to go over the budget without prior approval of the Board; that each Federal reserve agent who has recommended any increase in the budget for any of the four units (administration, statistical, monthly letter, and library) be advised that it is the

5/6/35

-22-

Board's view that the cost of statistical and analytical work at the Federal reserve banks should not be increased at the present time and that special efforts should be made to keep expenses of each unit of the function during 1935 at a figure not exceeding the budget for the unit as submitted to the Board for 1934; and that the letter sent to each Federal reserve agent with regard to the budget refer to the action taken by the Board on December 12, 1934, and indicate the objectives of the analysis now being made. The recommendations of the Committees on Research and Statistics and Salaries and Expenditures were approved by five members of the Board on May 1, 1935.

Approved.

Letter dated May 3, 1935, approved by six members of the Board, to Mr. Stevens, Chairman of the Federal Reserve Bank of Chicago, reading as follows:

"In connection with the discussion of industrial loans that took place at the meeting of the directors of the Federal Reserve Bank of Chicago on Friday, April 26th, - with Mr. Szymczak, a Member of the Board, and his subsequent discussions with the officers of your bank on the same subject, the Board feels that a further expression of its views on this matter will be helpful.

"It is the view of the Board that Congress enacted Section 13b of the Federal Reserve Act in the belief that there were a considerable number of commercial and industrial enterprises, particularly in the smaller categories, that were in need of additional funds to meet their current operating needs which they had not been able to obtain, although they might have sufficient assets and earning capacity to justify the advance of such funds provided they were given an adequate time in which to work out their problems. It appeared that there was reason to believe that there was hesitancy on the part of commercial banking institutions to make such advances because the time required for repayment would be longer than that permitted under the existing requirements of eligibility for re-discount at the Federal reserve banks, and because of a feeling

5/6/35

-23-

"that there might be some risk involved in making such longer advances by reason of uncertainty as to future economic developments.

"The Board had conferred with the Governors and Chairmen of the Federal reserve banks before the bill on this subject was sent to Congress. This bill proposed that a new organization be set up for this purpose in the form of independently capitalized intermediate credit banks for industry located at the Federal reserve banks. It was the conclusion of Congress, however, that the Federal reserve banks should administer such activity. At the same time it was recognized that there might be some risk to the Federal reserve banks in this new activity, and, therefore, provision was made for payment to the Federal reserve banks by the Treasury of amounts equivalent to those which they had paid for stock in the Federal Deposit Insurance Corporation, and authority was given to the banks to utilize such amounts, together with an equal amount of their own funds up to a maximum equal to their surplus. In effect, any risk of loss to the Federal reserve banks is shared equally by the Treasury and the surplus of the Federal reserve banks. This description of the background of this activity is set forth for the purpose of bringing out the fact that, while the law expressly provides that direct advances under Section 13b are to be made on a reasonable and sound basis, it, nevertheless, was contemplated that there might be some risk to the Federal reserve banks in making such advances, and the conclusion may properly be drawn that they are justified in adopting a liberal attitude toward situations where there might be some room for doubt as to the ultimate success of the business, but where the applications are worthy of favorable consideration.

"Moreover, in the enactment of Section 13b, it is apparent from the language adopted by the Congress that applicants for assistance should ordinarily obtain their funds from commercial banks and other existing financing institutions, and that it was intended that only in exceptional circumstances, when such assistance could not be obtained in this way, would the Federal reserve banks make direct advances to such enterprises. Therefore, in order to encourage commercial banks and other financing institutions to function in such cases authority was granted by the Congress to the Federal reserve banks to make commitments to purchase from or discount for such financing institutions paper of the character described in Section 13b.

"While the action thus taken by the Congress in enacting Section 13b was in the form of a grant of power and authority, it is obvious from the nature of the section, and from the discussions that took place during the enactment of the section, that it was the expectation of Congress that the Federal Reserve

5/6/35

-24-

"Board and the Federal reserve banks should vigorously canvass the possibilities of the exercise of this new authority and do everything within their power to explore the field and provide the assistance which it was believed was needed on the part of small industry and commercial enterprises.

"The Board believes that the Federal reserve banks and the Federal Reserve Board have a responsibility and an accountability to the Congress for the stewardship which has thus been entrusted to the Federal Reserve System. It also believes that the Federal reserve banks and the Industrial Advisory Committees appointed pursuant to the provisions of Section 13b have recognized this responsibility and have endeavored to carry out in good faith the powers entrusted to them. Since, however, the applications received and the advances and commitments approved have fallen far short of the estimates which were submitted to the Congress prior to the enactment of Section 13b as a basis for such legislation, the Board feels that there should be no relaxation of the efforts which have been made thus far, but on the other hand that wherever an opportunity affords itself to make better known to commerce, industry and banks the opportunities afforded by this legislation, the Federal reserve banks should take every step possible to do so.

"The Board therefore suggests that the importance of this matter warrants special attention being directed to the possibilities of further awakening the interest of both member and non-member banks in your district in the desirability of canvassing the needs of commercial and industrial enterprises which might justify favorable consideration. In this connection, the Board also suggests that it would be of assistance if the directors instructed the Governor and the other officers of the bank personally to give as much time as possible to direct contacts with the bankers of the district in an effort to increase their understanding of the situation and enlarge their interest in this matter, which would afford them opportunity for service to their communities with the help of the Federal reserve bank."

Approved.

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

"This refers to your letter of April 23, 1935, with which you inclosed copies of correspondence exchanged between you and Mr. S. B. Byrom, a partner in the private banking firm of

5/6/35

-25-

"J. S. & S. B. Byrom, Byromville, Georgia, with regard to the applicability of section 21(a)(2) of the Banking Act of 1933 to such firm. You ask the advice of the Board whether you should report the matter to the local United States Attorney.

"It has been noted that, in view of all the circumstances involved, you are disinclined to report the matter to the local United States Attorney. However, since the matter is one coming within the jurisdiction of the Department of Justice, the Board does not feel that it would be warranted in exercising a discretion in the matter, and it has accordingly been called to the attention of the Attorney General for such action as he deems advisable. There is inclosed herewith a copy of the report made by the Board to the Attorney General, and you are requested to make a similar report to the local United States Attorney."

Approved.

Letter dated May 2, 1935, approved by five members of the Board, to Mr. Fletcher, Acting Federal Reserve Agent at the Federal Reserve Bank of Cleveland, reading as follows:

"Reference is made to your letter of April 19, regarding the publication of an analysis of the earnings and expenses of member banks in the Cleveland Federal Reserve district.

"As indicated in your letter some of the Federal Reserve banks have published and circulated among their member banks statements showing the operating ratios of the member banks in their respective districts. There does not appear to be any objection to your publishing information in this connection in the form shown in the printer's dummy and photostat statements accompanying your letter. It is suggested, however, that the statement in the last paragraph of the text that the release of similar figures currently as the information becomes available is contemplated be omitted."

Approved.

Memorandum dated April 24, 1935, from Mr. Wyatt, General Counsel, recommending that the Board subscribe to the Prentice-Hall Securities Regulation Service, covering the action of the Securities and Exchange Commission, and decisions, rulings, and regulations under the Securities

5/6/35

-26-

Act of 1933 and the Securities Exchange Act of 1934, at a total cost, until August 1, 1936, of \$31.75.

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 26th and your earlier telegram and letter of April 11th and 12th, respectively, all relating to the manner in which the First Tyler Bank and Trust Company, Sistersville, West Virginia, should report deposits of a receiver of a closed State bank in its Report of Condition on Form 105.

"Assuming that the deposits referred to are payable on demand, there would seem to be no reason to differ with your opinion that they should be reported on Form 105 as demand deposits in item 14 and may be included in item 18(a) and that the assets pledged to secure these deposits should be reported in item 36(d) rather than in item 36(a) as has been done by the reporting bank."

Approved.

Letter dated May 2, 1935, approved by five members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"In reviewing the report of examination of the Marshall & Ilsley Bank, Milwaukee, Wisconsin, made as of January 21, 1935, it appears that Francis Clements and Edward Peterson, formerly connected with that bank, have been involved in possible violations of the criminal provisions of the banking statutes of the United States. It also appears that your office has not reported these cases to the local United States Attorney.

"The Board has reported to the Attorney General of the United States the possible violation involving Francis Clements, in accordance with the usual practice of the Board in such cases, and you are requested to make a similar report to the local United States Attorney. A copy of the Board's letter to the Department of Justice in this connection is inclosed.

"However, unless you have reason to feel that the similar possible violation by Edward Peterson should also be

5/6/35

-27-

"reported to the Department of Justice, the Board will not make such a report in view of the fact that the sum involved is only five dollars."

Approved.

Letter dated May 2, 1935, approved by five members of the Board, to Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, reading as follows:

"Reference is made to your letter of April 20 regarding proposed repairs and alterations to bank premises at the Head Office and Branches. The Board interposes no objection to the letting of contracts for the work contemplated and, in this connection, it may be pointed out that the Federal Reserve banks may have ordinary repairs and alterations made without referring the matter to the Federal Reserve Board for its approval.

"As regards your reference to the additional reserve of \$150,000 for other losses set aside at the end of 1934, any minor repairs and alterations should be charged to current expenses as provided on page 16 of the Instructions Governing the Preparation of Earnings and Expense Reports and Profit and Loss Statements. The instructions also indicate that the cost of any major repairs or alterations should be charged to the appropriate reserve, i.e., the reserve for depreciation on bank premises or the reserve for fixed machinery and equipment, as the case may be. In the case of the proposed alterations at the Jacksonville Branch to provide protected space for the loading and unloading of trucks, the cost, if substantial, should be included in the carrying value of the bank building."

Approved.

Telegram to Mr. Clark, Secretary of the Federal Reserve Bank of Atlanta, reading as follows:

"Referring your April 30 letter Board has no objection to your bank letting contract for insulation of attic and roof of bank building at Atlanta at cost of \$2,595."

Approved.

5/6/35

-28-

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

"Receipt is acknowledged of Mr. Young's letter of April 26, 1935 and inclosures, with further reference to the application of Mr. Ralph M. Mayerstein under the provisions of section 32 of the Banking Act of 1933 for a permit to serve as director of the First Merchants National Bank and as manager of R. M. Mayerstein Company, both of Lafayette, Indiana.

"Mr. Mayerstein states in his letter of April 23, 1935, a copy of which was inclosed, that the company has not underwritten any new issues of securities and does not carry a position in any securities or have a portfolio of any kind. He states further that orders are executed only on specific order from clients of the company for the purchase or sale of securities. In view of this information, Mr. Young expresses the opinion that the company's transactions in securities are not of the kind referred to in section 32 but are rather merely brokerage transactions consisting in the execution of orders in behalf of others.

"On the basis of the information submitted, the Board sees no reason to differ with Mr. Young's conclusion, and it will be appreciated if you will advise Mr. Mayerstein accordingly."

Approved.

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

"Consideration has been given to your letter of April 3, 1935 and inclosures relating to the application of J. T. Bowman under the provisions of section 32 of the Banking Act of 1933 for a permit to serve as director of the American National Bank and as president and director of the Southwest Investment Company, both of Austin, Texas.

"It appears that, since Mr. Bowman's application was filed, the company has bought and sold securities, although the volume of this business has been limited; that the activities of the company in buying and selling bonds have been confirmed by Assistant Federal Reserve Agent Hall through executives of the American National Bank, of which Mr. Bowman is a director, and the Capital National Bank of Austin, with which Mr. Bowman stated to Mr. Hall the company had had some business relations; and that a Mr. Roche has been buying and selling some blocks of municipal bonds, taking one-half of the profit and the company taking the other half.

5/6/35

-29-

"Therefore, it appears that the Southwest Investment Company has not terminated its activities as a dealer in securities, and although it does not appear that the volume of dealings has been great, it appears that the other activities of the company have been negligible and that such dealings therefore constitute its principal business at this time. Under the circumstances, the Board does not feel that any additional information has been submitted to it which would require or justify a different conclusion from that previously reached by it, namely, that section 32 of the Banking Act of 1933 is applicable to the relationships covered by Mr. Bowman's application. Accordingly, for the reasons stated in its letter of July 16, 1934, advising the applicant of its conclusion, the Board does not believe that it may properly issue a permit covering such relationships.

"It will therefore be appreciated if you will advise Mr. Bowman of the Board's conclusion and ascertain what steps he takes in order to comply with the provisions of the statute."

Approved.

Letter dated May 3, 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. D. S. Zachry, to serve at the same time as an officer of The Hamilton National Bank of Chattanooga, Chattanooga, Tennessee, as a director of The First National Bank of Lenoir City, Lenoir City, Tennessee, and as a director of The Bank of LaFayette, LaFayette, Georgia, 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. E. F. Steinhauer, to serve at the same time as a director and officer of the Farmers and Merchants Bank, Vandalia, Illinois, and as a director of The First National Bank of Brownstown, Brownstown, Illinois, for the period ending January 14, 1936.

Mr. Earl O. Schnetz, to serve at the same time as a director of The Capital National Bank of Sacramento, Sacramento, California, and as a director of the Citizens Bank of

5/6/35

-30-

Sacramento, Sacramento, California, 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. 1.</u>		
The First National Bank of Brunswick, Brunswick, Maine.	3	3
<u>District No. 2.</u>		
The Bernardsville National Bank, Bernardsville, New Jersey.	48	
Geneva Trust Company, Geneva, New York.	<u>12</u>	60
<u>District No. 4.</u>		
The Peoples National Bank of Ellwood City, Ellwood City, Pennsylvania.	24	24
<u>District No. 6.</u>		
The First National Bank of Dothan, Dothan, Alabama.	24	
The First National Bank of LaFollette, LaFollette, Tennessee.	<u>12</u>	36
<u>District No. 7.</u>		
First National Bank in Lincoln, Lincoln, Illinois.	3	3
<u>District No. 10.</u>		
The First National Bank of Medicine Lodge, Medicine Lodge, Kansas.	3	
The First National Bank of Greybull, Greybull, Wyoming.	9	12
<u>District No 12.</u>		
Pullman State Bank, Pullman, Washington.	4	4
	<u>Total</u>	<u>142</u>
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 1.</u>		
The Merchants National Bank of Salem, Salem, Massachusetts.	60	60

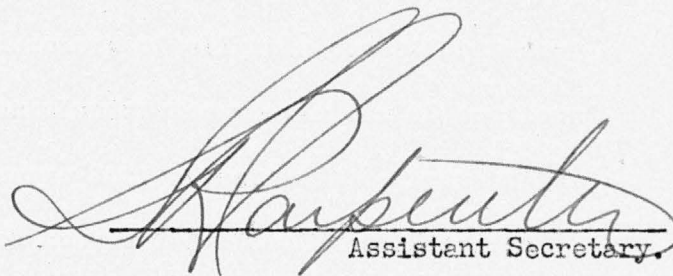
5/6/35

-31-

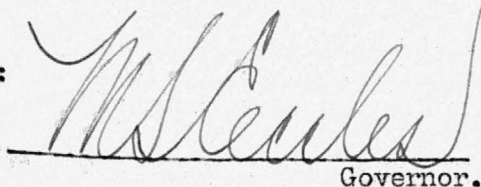
<u>Applications for SURRENDER of Stock: (Cont'd)</u>	<u>Shares</u>	
<u>District No. 2.</u> The First National Bank of Marlboro, Marlboro, New York.	19	19
<u>District No. 3.</u> Swedesboro Trust Company, Swedesboro, New Jersey.	29	29
<u>District No. 10.</u> The National Bank of Commerce of Hollis, Hollis, Oklahoma.	22	22
	<u>Total</u>	<u>130</u>

Approved.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Governor.