A meeting of the Federal Reserve Board was held in Washington on Saturday, May 18, 1935, at 9:30 a.m.

PRESENT:  Mr. Eccles, Governor
          Mr. Thomas, Vice Governor
          Mr. Hamlin
          Mr. Miller
          Mr. James
          Mr. Szymczak
          Mr. Morrill, Secretary
          Mr. Bethea, Assistant Secretary
          Mr. Carpenter, Assistant Secretary
          Mr. Clayton, Assistant to the Governor

ALSO PRESENT: Mr. Everett V. Meeks, Professional Adviser to the Federal Reserve Board.

Governor Eccles stated for Mr. James' information that the Board had met yesterday to receive the report of the jury appointed to select the winning design submitted in the competition for the selection of an architect for the Board's new building and that this meeting had been called for the purpose of taking action on the jury's report. Mr. James stated that he had read the report and had scanned the drawings submitted and that he was satisfied with the findings of the jury.

Mr. Hamlin moved that the report of the jury be formally laid before the Board.

Carried.

Mr. Thomas moved that the Board approve the findings of the jury and designate design No. 7 as "premiated" and that the prize of the competition be awarded to the author of the design.

Carried unanimously.
It was pointed out that up to this point the originators of the respective designs submitted were not known to the members of the jury, to the Federal Reserve Board, or to anyone else.

The numbered envelopes containing the names and addresses of the competing architects were then turned over to Mr. Miller as Chairman of the Board’s building committee. Envelope No. 7 was opened by Mr. Miller and was found to contain the name of Paul Philippe Cret, Philadelphia, Pennsylvania.

Envelope No. 3, the number of the design placed second by the jury, was then opened by Mr. Miller and found to contain the name of John Russell Pope, New York, New York.

Envelope No. 4, the design placed third by the jury, was then opened by Mr. Miller and found to contain the name of James Gamble Rogers, New York, New York.

The other numbered envelopes were then opened by Mr. Miller and found to contain the names of competing architects as follows:


Mr. Morrill stated that the Architectural Forum had obtained authorizations from five of the competing architects to make photographs
of their respective designs and that the representative of the periodical had furnished the Board with photostat copies of four of such authorizations and a telegram had been received direct from Holabird & Root authorizing the Board to make their drawings available to the magazine. Mr. Meeks stated that he could see no objection to the Board permitting such photographs to be taken.

The Secretary was authorized to make the designs of the five architects referred to, and any others from whom appropriate authorization might be received, available to the representative of the Architectural Forum for photographing.

Mr. Meeks was requested to advise the competing architects immediately of the action of the Board in the selection and appointment of the architect as well as the report of the jury.

Mr. Miller moved that the jury be discharged and that, in accordance with the action taken by the Board on January 16, 1935, Messrs. Howells, Cross, Emerson and Delano be paid an honorarium of $300 each, plus necessary traveling and subsistence expenses, for their service on the jury.

Carried, and it was understood that Mr. Miller would address letters to the members of the jury thanking them for their services, as well as to the competing architects, except Mr. Cret, commending them for the designs submitted.

In accordance with the action taken by the Board on November 15, 1934, the payment to Mr. Everett V. Meeks of a fee in the amount of $2,500 was approved.

Mr. Miller left the room to advise Mr. Paul P. Cret over the telephone of his appointment as architect for the Board's new building. Upon his return Mr. Miller stated that he had advised Mr.
Crot that the Board would like to have him come to Washington and be at Mr. Miller's office on Monday, May 20, at 10:15 a.m. for a consultation, following which he would attend the meeting of the Fine Arts Commission which will pass on the winning design.

It was understood that Mr. Miller would meet with representatives of the press at 11:00 o'clock today and give to them copies of the press release approved at the meeting yesterday and afford them an opportunity to take photographs of the winning design.

Governor Eccles made a statement commending Mr. Miller for the very thorough, painstaking and effective manner in which he had handled the responsibility which had been placed upon him as the chairman of the Board's committee on the site and construction of the new building and for the conduct of the competition for the selection of an architect.

Mr. Miller stated that he felt that, while exceptionally fine work had been done by the architects and by Mr. Meeks in preparing and supervising the program of competition, the most important contribution was made by the Board in approving an impartial procedure under which only the best professional advice obtainable was used and which has been productive of the very best results. He added that he felt that the most difficult part of the building operation was still before the Board and he expressed the hope that the members of the Board would continue to study the matter so that the very best possible results can be had in the final design of the building.
Mr. Szymczak and Mr. Meeks left the meeting at this point.

Governor Eccles asked whether the committee appointed at the meeting of the Board on May 1 to submit a recommendation as to the position that the Board should take with regard to interlocking bank directorates was prepared to submit a report. Mr. Thomas stated that the committee had conferred with counsel, and that he (Mr. Thomas) had prepared a report.

Mr. James renewed his suggestion that the problem be approached from the standpoint that there should be no interlocking bank directorates and Governor Eccles stated that he thought an exception should be made where the banks are owned or controlled by the same interests.

Mr. Miller expressed agreement with the position taken by Mr. James. The matter was discussed in considerable detail and its bearing upon the policy that should be followed as to holding companies and branch banking was considered.

Mr. Thomas asked for an expression from the members of the Board present as to the policy that should be adopted in connection with section 32 of the Banking Act of 1933 and some of the members present indicated that they felt that the section should prohibit all interlocking directorates of the kind referred to in the section.

It was agreed that amendments to the Clayton Act and Section 32 of the Banking Act of 1933 should be determined upon and submitted to the committees of Congress as soon as possible.

After further discussion, it appeared to be the consensus of the members present that, after disposition
is made by Congress of the proposed Banking Act of 1935, the Board should prepare a recommendation for legislation at the next session authorizing limited branch banking and that the recommendation should be submitted to the President to ascertain whether he would approve the recommendation or have any objection to its being submitted to the appropriate committees of Congress.

There was then submitted a draft of reply to a letter dated April 17, 1935, from Senator Edward R. Burke in which he requested a list of executives and personnel of the Federal Reserve Board, assigned to the Washington office, receiving salaries of $5,000 or more per annum, together with the home State, Washington address, title and salary in each case. The proposed reply stated that the Board has not authorized the publication of salaries of the individual members of its staff, but that there was printed in the annual report of the Board a statement of the salaries of officers and employees showing the number of persons on the Board's staff receiving salaries of stated amounts, that a copy of the annual report for 1933 showing such information as of December 31, 1933, was inclosed and that, if the Senator so desired, the report for 1934 showing similar information as of December 31, 1934, would be forwarded to him as soon as possible. The letter also inclosed a list showing the name, title or designation, Washington address and home State of all of the full time officers and employees of the Board assigned to the Washington office.

The letter had been put in circulation and Mr. Thomas had
attached a memorandum under date of May 7, 1935, stating that, in
his opinion, there is no valid reason why the information requested
should not be furnished.

Governor Eccles stated that the question as to what action
should be taken by the various Government departments on requests of
this kind came up before the Executive Council several months ago as
a result of Senators and Congressmen requesting Government agencies
to furnish complete lists of all their employees and the conclusion
was reached that a reply should be made to the effect that the in-
formation requested would necessitate a great deal of time and ex-
 pense and the Government agencies were not in a position to undertake
this, without further appropriations from Congress.

During the ensuing discussion, Mr. Thomas pointed out that
Prior to 1931 the annual report of the Board contained the salaries
of all of the officers of the Board and he expressed the opinion that
as the Federal Reserve Board is a public body there should be no ob-
jection to the publication of the salaries of the members of its
staff.

At the conclusion of the discussion, Mr. Thomas
moved that the Board furnish the information requested
by Senator Burke.

Mr. Miller moved that Mr. Thomas' motion be
amended to provide for the publication in the future
annual reports of the Board of all salaries of of-
cicers and employees of the Board receiving $5,000
per annum or more and that Senator Burke be furnished
with such information as of December 31, 1934, in
the form in which it will appear in the annual report.
Mr. Miller's motion was put by the chair and carried, Mr. Thomas voting "no".
The amended motion was then put by the chair and carried unanimously.

There was a further brief discussion of amendments to the Clayton Act and Section 32 of the Banking Act of 1933 and it was decided that the committee appointed at the meeting of the Board on May 1 should give further consideration to the matter and that it should be taken up again at a meeting of the Board to be held on Wednesday, May 22, 1935.

The Board then acted upon the following matters:

Letter dated May 17, 1935, approved by four members of the Board, to Mr. Case, Chairman of the Federal Reserve Bank of New York,

reading as follows:

"The Federal Reserve Board notes with approval from Mr. Sproul's letter of May 9, 1935, that the board of directors of your bank, at its meeting on that date, made no change in your existing schedule of rates of discount and purchase.

Your letter of May 10 advising of the review by the board of directors of your bank of the question of changes in discount rates has also been received and will be given consideration by the Board."

Approved.

Letter dated May 16, 1935, from Mr. Sproul, Secretary of the Federal Reserve Bank of New York, and telegrams dated May 15 from Messrs. Curtiss, Austin and Wood, Chairmen of the Federal Reserve Banks of Boston, Philadelphia and St. Louis, respectively, advising that, at meetings of the boards of directors on the dates stated, no changes were made in the banks' existing schedules of rates of discount and purchase.

Without objection, noted with approval.
Memorandum dated May 13, 1935, from Mr. Carpenter, Assistant Secretary, recommending that, in order to provide for vacations in the Washington telegraph office, Mr. L. H. Cooley, employed in the Washington telegraph office as a part-time operator with salary at the rate of $1,200 per annum, be placed on a full-time basis, with salary at the rate of $165 per month, for the period from June 16 to August 31, 1935, inclusive, and that a temporary operator be employed on a part-time basis, with salary at the rate of $100 per month, to take the place of Mr. Cooley during the period referred to.

Approved.

Memorandum dated May 11, 1935, from Mr. Wyatt, General Counsel submitting the resignation of Miss Jeanne Carroll as a stenographer in the legal division, to take effect at the close of business on May 31, 1935, and recommending that the resignation be accepted.

Accepted.

Letter dated May 15, 1935, approved by four members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Reference is made to the transaction whereby the 'First State Bank of Mathis', Mathis, Texas, acquired certain assets from, and assumed a portion of the liabilities of, the Bank of Tynan, Tynan, Texas, effective as of January 17, 1935.

"The Board has reviewed the information submitted in your letter of May 1, 1935, as well as the condition of the First State Bank of Mathis as reflected in the report of examination as of March 26, 1935, from which it appears that the transaction has resulted in no material change in the general character of the assets of, or broadening in the scope of the functions exercised by, the State member institution, within the meaning
"of the general condition under which it was admitted to membership in the Federal Reserve System.

"In the circumstances, and in view of your recommendation, the Board will take no action affecting the membership of the First State Bank of Mathis in the Federal Reserve System by reason of the transaction.

"It has been noted that a special visit to the bank will be made by the examiner to determine whether the various matters criticised in the report of examination as of March 28, 1935, in connection with the detail operations and general supervision of the institution, have been corrected. It will be appreciated if you will advise the Board of the status of such matters after the examiner has again visited the bank."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"Condition numbered 1, prescribed by the Board in connection with the application for membership of the 'Hamilton Bank and Trust Company', Hamilton, Texas, provides:

'That you shall agree not to pay any dividend based upon unearned or uncollected profits.'

"In the report of examination of the bank as of March 16, 1935, the examiner reports an apparent violation of the condition in connection with the payment by the institution of a $2,000 dividend on December 31, 1934, and in the analysis of the report you state:

"Although the dividend was paid partly out of profits derived from operations prior to 1934, it appears that these profits were both "earned" and "collected" and therefore the membership condition referred to by our examiner does not appear to have been violated. I shall be glad to have the Board's view on this matter, and, in any event, I recommend that no action be taken against the bank's membership in connection with this transaction.'

"The report of examination indicates that the bank has a net sound capital of approximately 43 per cent and it has been noted that although the dividend paid was in excess of the amount of the institution's net earnings for 1934, the bank, at the time of payment, had undivided profits sufficient to pay the dividend.

"In view of the circumstances, therefore, the Board concurs in your opinion that payment by the bank of the dividend referred
"Ito was not a violation of condition of membership numbered 1."

Approved.

Letter dated May 15, 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 Souhegan National Bank of Milford', Milford, New Hampshire, from $100,000 to $10,000, pursuant to a plan which provides for the use of the released capital, together with a portion of the bank's undivided profits account, in eliminating all estimated losses and net depreciation in securities, all as set forth in your supplemental memorandum of May 3, 1935.

"This approval supersedes the Board's approval of December 15, 1933, of the original plan of capital reduction."

Approved.

Letter dated May 15, 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 First National Bank of Antioch', Antioch, Illinois, from $30,000 to $10,000, pursuant to an amended plan which provides for the sale of $40,000 of preferred stock to the Reconstruction Finance Corporation and/or others and for the use of the released capital in eliminating a corresponding amount of unsatisfactory assets, all as set forth in your memorandum of May 2, 1935.

"This approval supersedes the Board's approval dated August 24, 1934, of a previous plan of capital reduction."

Approved.

Telegram dated May 15, 1935, approved by four members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"Relet April 10. In view of circumstances involved, Board's
"Letter of April 3, 1935 authorizing issuance of limited voting permit to 'Bank of Nutley', Nutley, New Jersey, is hereby amended by substituting '$250,000' for '$300,000' in paragraph numbered 2 of required agreement on page 3 of letter."

Approved.

Letter dated May 17, 1935, approved by three 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 18, 1935, addressed to Mr. Szymczak regarding difficulties encountered in obtaining compliance with Regulation Q regarding the classification of savings accounts.

"It is understood that during the course of the examination of a large State member bank in Cleveland your examiners insisted that large accounts, which by their nature could not be considered as bona fide thrift accounts, be removed from the savings classification in order to comply with Regulation Q. It is understood, also, that the State member bank felt that strict compliance with such requirements would place the bank at a disadvantage unless the competing national banks followed a similar procedure, and that accordingly the State member bank endeavored to enlist the cooperation of the two large competing national banks but that while one of the national banks indicated a disposition to cooperate in the matter, the other had not so far indicated a willingness to work with the other commercial member banks in Cleveland in an effort to standardize practice so far as the classification of deposit accounts is concerned.

"If the question has not been satisfactorily adjusted by this time, it is suggested that you endeavor to enlist the cooperation of the chief national bank examiner of the district in an effort to obtain uniform compliance with the provisions of Regulation Q without discrimination between national and State member banks. Please keep the Board advised as to developments in this matter."

Approved, together with a letter to Mr. O'Connor, Comptroller of the Currency, transmitting, for his confidential information, a copy of the letter to Mr. Fletcher.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Wheeler, Assistant Federal Reserve Agent at the Federal Reserve Bank of Cleveland.
"Reference is made to your letter of March 27, 1935, addressed to Mr. Carl E. Parry, Chief, Division of Security Loans, Federal Reserve Board, inclosing a copy of a letter from Wm. Cavalier & Co., asking two questions concerning Regulation T.

"It is assumed from the two letters that the first question relates to a situation as follows:

"A broker, subject to Regulation T, pursuant to a customer's order delivers registered securities from an account of the customer which is sufficiently unrestricted to permit the withdrawal of the securities at that time, to the transfer agent or registrar of the securities for transfer and registration in the name of the customer, the transferred securities to be delivered to the broker for the purpose of redelivery to the customer. At the time the transferred securities are received by the broker, the account has become restricted. The question is whether or not in view of the restricted nature of the account the broker may then deliver these securities to the customer.

"You are advised that under Regulation T the delivery of the securities, accompanied by documents adequate for transfer, to the transfer agent or registrar with instructions to transfer the securities to, and register them in, the name of the customer may be treated as equivalent to delivery to the customer at that time. If it is the clear understanding that the transferred securities are to be received by the broker for delivery to the customer, although the customer's account may be restricted when the transferred securities are received from the transfer agent or registrar, delivery thereof may be made to the customer. It is assumed that an appropriate entry will be made in the securities account of the customer indicating the delivery of the securities to the transfer agent on the date of such delivery, that notice will be given to the customer of such delivery, and that after the date of such delivery the loan value of the securities involved will be excluded in any determination of the loan value of the securities in the customer's account.

"The second question seems to relate to a situation as follows:

"A customer, having an account with a broker subject to Regulation T, orders the sale of a registered security held in such account and expects to withdraw an amount representing the proceeds of the sale after the broker receives payment thereof. At the time of the sale the status of the customer's account is such that either the security itself or the proceeds of the sale thereof could be withdrawn from the account. However, the customer wishes to avoid the possibility that after
"the broker receives the proceeds of the sale, he may be unable to withdraw the proceeds because of some intervening change in the status of the account, which change might make such payment by the broker a violation of Regulation T.

"Under the provisions of section 6 of Regulation T, as amended by Amendment No. 3 effective May 10, 1935, the broker can, in the circumstances described and upon instructions from the customer, transfer the securities, before or immediately after their sale, from the customer's combined account to a special cash account. After the sale of the securities in the special cash account and the receipt of the proceeds by the broker, the broker could pay the proceeds of the sale to the customer from such special cash account at any time without regard to the condition of the customer's combined account at such time."

Approved.

Letter dated May 15, 1935, approved by four members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"This refers to Mr. Gidney's letter of April 13, 1935, relating to the termination of the holding company affiliation between The First National Bank & Trust Company of Port Chester, Port Chester, New York, and The Byram National Bank of East Port Chester, East Port Chester, Connecticut.

"The Board understands that Port Chester National Corporation, an affiliate of The First National Bank & Trust Company of Port Chester, formerly owned 180 shares of the common stock of The Byram National Bank of East Port Chester but that in 1934 that Corporation was dissolved and its assets, including such stock, have been transferred to The First National Bank & Trust Company of Port Chester. It is not entirely clear whether the stock was transferred to the bank prior to the 1935 annual meeting of the stockholders of The Byram National Bank of East Port Chester but it is understood such stock and, possibly, an additional 10 shares held in the name of D. M. Williams, Vice President of the bank, is now owned or controlled by The First National Bank & Trust Company of Port Chester.

"The Board further understands that The Byram National Bank of East Port Chester has outstanding 500 shares of common stock and 250 shares of preferred stock; that the Reconstruction Finance Corporation owns all of the preferred stock; that at the bank's 1935 annual meeting 267 shares of the common stock and
"all of the shares of preferred stock were voted; that the stock then owned or controlled by The First National Bank & Trust Company of Port Chester or Port Chester National Corporation was not voted; that the proxy for the Reconstruction Finance Corporation was not connected in any way with The Byram National Bank of East Port Chester, The First National Bank & Trust Company of Port Chester, or Port Chester National Corporation; that the instructions given to the proxy provided that with reference to the election of directors the proxy should be cooperative with the holders of the majority of the other stock and vote the stock owned by the Reconstruction Finance Corporation accordingly, but that he should not do so if the proposed action was clearly inimical to the interests of the Corporation.

"On the basis of these facts, the Board is of the opinion that The First National Bank & Trust Company of Port Chester is not a holding company affiliate of The Byram National Bank of East Port Chester. However, if the facts as summarized above are not entirely correct or if there are any further facts which might have a bearing on the question whether a holding company affiliate relationship exists, the Board should be advised in order that it may give further consideration to this matter. It may be noted that if the Reconstruction Finance Corporation should at any future time issue a proxy to The First National Bank & Trust Company of Port Chester or any person under its control a further question might arise concerning the existence of a holding company affiliate relationship and it is suggested that this fact be brought to the attention of that bank and The Byram National Bank of East Port Chester."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Hoxton, Federal Reserve Agent at the Federal Reserve Bank of Richmond, reading as follows:

"This refers to Mr. Fry's letter of February 1, 1935, with reference to the application of The Dominion Corporation, Charleston, West Virginia, for a voting permit authorizing it to vote the stock which it owns or controls of The First National Bank of South Charleston, South Charleston, West Virginia, and submitting information relative to the termination of the holding company affiliate relationship.

"It appears that The First National Bank of South Charleston has 350 shares of stock outstanding; that 315 shares were voted
"at the bank's 1935 annual meeting; and that The Dominion Corporation owns or controls 141 shares and voted that number of shares at that meeting. It is also noted that in its report of condition as of March 4, 1935, The First National Bank of South Charleston stated that it had no holding company affiliates within the meaning of the Banking Act of 1933.

"Since it appears that the holding company affiliate relationship has been terminated, it is assumed that no further consideration need be given to the application of The Dominion Corporation for a voting permit and accordingly the file has been closed."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Receipt is acknowledged of your letter of May 3, 1935, with reference to the application of Corvallis First National Corporation, Corvallis, Oregon, for a voting permit authorizing it to vote the stock which it owns or controls of First National Bank of Corvallis, Oregon, and submitting information relative to the possible termination of the holding company affiliate relationship.

"The Board understands that at the time of its 1935 annual meeting First National Bank of Corvallis had outstanding 750 shares of preferred stock and 750 shares of common stock; that Corvallis First National Corporation then owned or controlled 520 shares of the common stock; that the Reconstruction Finance Corporation owned all of the preferred stock; that at such meeting 680 shares of the common stock and all of the shares of the preferred stock were voted; that Corvallis First National Corporation voted all of the stock which it then owned or controlled; and that the Reconstruction Finance Corporation instructed its proxy in part as follows:

"'As a proxy of the Reconstruction Finance Corporation, you are instructed to be cooperative with the holders of the majority of voting stock, held by others than this Corporation, to the end that the policies and plans of that majority in the selection of directors and the conduct of the bank's affairs may be effectuated. Such limitation on your power may be disregarded in instances where action is proposed clearly inimical to the interests of this Corporation.'"
"The Board further understands that First National Bank of Corvallis now has outstanding 650 shares of preferred stock and 850 shares of common stock; that Corvallis First National Corporation now owns or controls 389 shares of the common stock; and that the Reconstruction Finance Corporation owns all of the preferred stock.

"On the basis of these facts, the Board is of the opinion that Corvallis First National Corporation is not now a holding company affiliate of First National Bank of Corvallis and, accordingly, it is assumed that no further consideration need be given to the application for a voting permit. If there are any further facts which you believe should be brought to the Board's attention, the Board will be glad to give further consideration to the matter. In the absence of such facts, you may advise the interested organizations in accordance with this letter.

"It is noted that the proxy voting the stock owned by the Reconstruction Finance Corporation at the bank's 1935 annual meeting was the owner of 10 shares of the bank's stock and 4 shares of the stock of Corvallis First National Corporation but that he was not an officer or director of either organization. The Board has no further information which would indicate that he was under the control of either organization. However, if the Reconstruction Finance Corporation should at any time in the future issue a proxy to Corvallis First National Corporation, or a person under its control, a further question might arise concerning the existence of a holding company affiliate relationship and it is suggested that you call this to the attention of Corvallis First National Corporation and First National Bank of Corvallis."

Approved.

Telegram dated May 15, 1935, approved by five members of the Board, to the governors of all Federal reserve banks, reading as follows:

"A meeting of the Federal Open Market Committee is hereby called to be held in Washington at the offices of the Federal Reserve Board beginning on Monday, May 27, 1935, at 10:30 a.m. Please advise by wire as to your attendance. Board will desire to discuss certain other matters with the governors while they are in Washington, and undoubtedly there will be topics which the governors will wish to consider. Therefore, it is suggested that at the conclusion of the Open Market Committee meeting a meeting of the Governors' Conference be held and that the
"Governors come prepared to stay at least two days."

Approved.

Letter dated May 15, 1935, approved by four members of the Board, to the governors of all Federal reserve banks, reading as follows:

"There are being forwarded to you today, under separate cover, copies of the 'Instructions Governing the Preparation of Earnings and Expense reports and Profit and Loss statements', which have been rewritten to bring them up to date. One copy of the instructions is inclosed for your information.

"The instructions should be made effective as of June 1, 1935."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, reading as follows:

"An examination of the agreements on F.R.B. Forms T-1 and T-2 which have been filed by nonmember banks pursuant to the provisions of section 11 of the Board's Regulation T and section 3(a) of the Securities Exchange Act of 1934 reveals apparent omissions and irregularities in certain cases. It is recognized that such omissions and irregularities may be explained by documents in the possession of the Federal Reserve agents or may be mere matters of form which do not affect the legal sufficiency of the agreements. It is also recognized that in the case of each of these agreements a Federal Reserve agent, acting presumably with the advice of counsel for a Federal Reserve bank, has executed and delivered to the nonmember bank filing the agreement a certificate on F.R.B. Form T-3 evidencing the filing of the agreement and the qualification of the bank under section 3(a) of the Securities Exchange Act of 1934.

"The Board does not wish to question the correctness of the statements in any certificate which has been issued or to raise any doubts as to the rights of persons who have relied upon such certificate as evidencing the proper filing of one of these agreements, but in view of the possibility that at some future time the Board may have to proceed to terminate the agreement of
"A nonmember bank under section 8(a) of the Securities Exchange Act of 1934 because of the bank's failure to comply with the provisions of the agreement, it is deemed advisable to correct any omission or irregularity which might embarrass the Board in taking such action.

"The only agreement filed in your district with respect to which there is an apparent omission or irregularity is as follows:

Stoneham Trust Company, The agreement is not signed in Stoneham, Massachusetts. the name of the trust company.

"You are requested to call the attention of counsel for your bank to this agreement and to advise the Board that it is the opinion of counsel for your bank that the omission or irregularity either constitutes a formality which does not affect the legal sufficiency of the agreement or that the agreement has been supplemented by a new agreement which has been properly executed and filed by the nonmember bank.

"Upon receipt of such advice from all of the Federal Reserve agents the Board will proceed with the publication of a list of all qualified nonmember banks in order to simplify the present procedure under which it is necessary for each Federal Reserve agent to notify not only the Board but also each other Federal Reserve agent of additions to the list of qualified banks."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"An examination of the agreements on F.R.B. Forms T-1 and T-2 which have been filed by nonmember banks pursuant to the provisions of section 11 of the Board's Regulation T and section 8(a) of the Securities Exchange Act of 1934 reveals apparent omissions and irregularities in certain cases. It is recognized that such omissions and irregularities may be explained by documents in the possession of the Federal reserve agents or may be mere matters of form which do not affect the legal sufficiency of the agreements. It is also recognized that in the case of each of these agreements a Federal reserve agent, acting presum-ably with the advice of counsel for a Federal reserve bank, has executed and delivered to the nonmember bank filing the agreement a certificate on F.R.B. Form T-3 evidencing the filing of the agreement and the qualification of the bank under section 8(a) of the Securities Exchange Act of 1934."
"The Board does not wish to question the correctness of the statements in any certificate which has been issued or to raise any doubts as to the rights of persons who have relied upon such certificate as evidencing the proper filing of one of these agreements, but in view of the possibility that at some future time the Board may have to proceed to terminate the agreement of a nonmember bank under section 8(a) of the Securities Exchange Act of 1934 because of the bank's failure to comply with the provisions of the agreement, it is deemed advisable to correct any omission or irregularity which might embarrass the Board in taking such action.

The agreements filed in your district with respect to which there are apparent omissions or irregularities are as follows:

The Canadian Bank of Commerce, Toronto, Canada

The agreement is signed in the name 'The Canadian Bank of Commerce, New York.'

The Dominion Bank, Toronto, Canada.

The agreement is signed in the name 'Agency The Dominion Bank New York, N. Y.'

Banque Beige Pour L'Etranger, New York Agency, Brussels, Belgium

It is not clear whether the nonmember bank seeking to qualify is the 'Banque Beige Pour L'Etranger' or 'Banque Beige Pour L'Etranger, New York Agency'. The subsequent agreement dated December 12, 1934, is evidently signed by two persons other than the persons named in the resolution printed immediately below the agreement.

The name of the bank is omitted from the Secretary's certificate.

The Columbus Trust Company, Newburgh, New York

"In the case of each of the following banks the authority for the execution of the agreement is a resolution of the bank's executive committee but there has been furnished to the Board no excerpt from the by-laws of the bank properly evidencing the authority of the executive committee in this respect:

Empire Trust Company
Title Guarantee and Trust Company
Union Trust Company of Rochester
Medina Trust Company

New York City
Rochester, New York
Medina, New York
"In the following cases the resolution authorizes the execution and filing of the agreement by two or more officers but the signature of only one of such officers appears:

Medina Trust Company
The Columbus Trust Company
Genesee Valley Trust Company

(In this connection the Board has ruled that an agreement on F.R.B. Form T-1 or T-2 is executed in accordance with the prescribed form of resolution of authorization if the agreement is signed by one of the two officers named in the resolution and is attested by the other.)

"You are requested to call the attention of counsel for your bank to these agreements and to advise the Board that in each case it is the opinion of counsel for your bank that the omission or irregularity is either satisfactorily explained by documents in your possession or constitutes a formality which does not affect the legal sufficiency of the agreement or that the agreement has been supplemented by a new agreement which has been properly executed and filed by the nonmember bank.

"Upon receipt of such advice from all of the Federal reserve agents the Board will proceed with the publication of a list of all qualified nonmember banks in order to simplify the present procedure under which it is necessary for each Federal reserve agent to notify not only the Board but also each other Federal reserve agent of additions to the list of qualified banks."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia, reading as follows:

"An examination of the agreements on F.R.B. Forms T-1 and
"T-2 which have been filed by nonmember banks pursuant to the provisions of section 11 of the Board's Regulation T and section 8(a) of the Securities Exchange Act of 1934 reveals apparent omissions and irregularities in certain cases. It is recognized that such omissions and irregularities may be explained by documents in the possession of the Federal Reserve agents or may be mere matters of form which do not affect the legal sufficiency of the agreements. It is also recognized that in the case of each of these agreements a Federal Reserve agent, acting presumably with the advice of counsel for a Federal Reserve bank, has executed and delivered to the nonmember bank filing the agreement a certificate on F.R.B. Form T-3 evidencing the filing of the agreement and the qualification of the bank under section 8(a) of the Securities Exchange Act of 1934.

The Board does not wish to question the correctness of the statements in any certificate which has been issued or to raise any doubts as to the rights of persons who have relied upon such certificate as evidencing the proper filing of one of these agreements, but in view of the possibility that at some future time the Board may have to proceed to terminate the agreement of a nonmember bank under section 8(a) of the Securities Exchange Act of 1934 because of the bank's failure to comply with the provisions of the agreement, it is deemed advisable to correct any omission or irregularity which might embarrass the Board in taking such action.

The agreements filed in your district with respect to which there are apparent omissions or irregularities are as follows:

The Altoona Trust Company, Altoona, Pennsylvania
Farmers' Bank of the State of Delaware, Dover, Delaware
The Real Estate Trust Company of Philadelphia
Witten Bank and Trust Company
The Reading Trust Company

"In the case of each of the following banks the authority for the execution of the agreement is a resolution of the bank's executive committee but there has been furnished to the Board no excerpt from the by-laws of the bank properly evidencing the authority of the executive committee in this respect:

Farmers' Bank of the State of Delaware
The Real Estate Trust Company of Philadelphia
Witten Bank and Trust Company
The Reading Trust Company

"You are requested to call the attention of counsel for your bank to these agreements and to advise the Board that in each
"case it is the opinion of counsel for your bank that the omis-
sion or irregularity is either satisfactorily explained by docu-
ments in your possession or constitutes a formality which does
not affect the legal sufficiency of the agreement or that the
agreement has been supplemented by a new agreement which has
been properly executed and filed by the nonmember bank.

"Upon receipt of such advice from all of the Federal Reserve
agents the Board will proceed with the publication of a list of
all qualified nonmember banks in order to simplify the present
procedure under which it is necessary for each Federal Reserve
agent to notify not only the Board but also each other Federal
Reserve agent of additions to the list of qualified banks."

Approved.

Letter dated May 17, 1935, approved by three members of the
Board, to Mr. Fletcher, Acting Federal Reserve Agent at the Federal
Reserve Bank of Cleveland, reading as follows:

"An examination of the agreements on F.R.B. Forms T-1 and
T-2 which have been filed by nonmember banks pursuant to the
provisions of section 11 of the Board's Regulation T and section
8(a) of the Securities Exchange Act of 1934 reveals apparent
omissions and irregularities in certain cases. It is recognized
that such omissions and irregularities may be explained by docu-
ments in the possession of the Federal Reserve agents or may be
more matters of form which do not affect the legal sufficiency
of the agreements. It is also recognized that in the case of
each of these agreements a Federal Reserve agent, acting presum-
ably with the advice of counsel for a Federal Reserve bank, has
executed and delivered to the nonmember bank filing the agreement
a certificate on F.R.B. Form T-3 evidencing the filing of the
agreement and the qualification of the bank under section 8(a)

"The Board does not wish to question the correctness of the
statements in any certificate which has been issued or to
raise any doubts as to the rights of persons who have relied
upon such certificate as evidencing the proper filing of one of
these agreements, but in view of the possibility that at some
future time the Board may have to proceed to terminate the agree-
ment of a nonmember bank under section 8(a) of the Securities
Exchange Act of 1934 because of the bank's failure to comply
with the provisions of the agreement, it is deemed advisable to
correct any omission or irregularity which might embarrass the
Board in taking such action."
"The agreements filed in your district with respect to which there are apparent omissions or irregularities are as follows:

The Ottoville Bank Company
Ottoville, Ohio

The corporate seal is not affixed. The resolution authorizing execution of the agreement names only one officer.

"In the following cases the resolution authorizes the execution and filing of the agreement by two officers but the signature of only one of the two officers appears:

The Millcreekville Bank, Millcreekville, Ohio

"(In this connection the Board has ruled that an agreement on F.R.B. Form T-1 or T-2 is executed in accordance with the prescribed form of resolution of authorization if the agreement is signed by one of the two officers named in the resolution and is attested by the other.)

"You are requested to call the attention of counsel for your bank to these agreements and to advise the Board that in each case it is the opinion of counsel for your bank that the omission or irregularity is either satisfactorily explained by documents in your possession or constitutes a formality which does not affect the legal sufficiency of the agreement or that the agreement has been supplemented by a new agreement which has been properly executed and filed by the nonmember bank.

"Upon receipt of such advice from all of the Federal Reserve agents the Board will proceed with the publication of a list of all qualified nonmember banks in order to simplify the present procedure under which it is necessary for each Federal Reserve agent to notify not only the Board but also each other Federal Reserve agent of additions to the list of qualified banks."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"An examination of the agreements on F.R.B. Forms T-1 and T-2 which have been filed by nonmember banks pursuant to the provisions of section 11 of the Board's Regulation T and section 6(a) of the Securities Exchange Act of 1934 reveals apparent omissions and irregularities in certain cases. It is recognized that such omissions and irregularities may be explained by documents in the possession of the Federal Reserve agents or may be
mere matters of form which do not affect the legal sufficiency of the agreements. It is also recognized that in the case of each of these agreements a Federal Reserve agent, acting presumably with the advice of counsel for a Federal Reserve bank, has executed and delivered to the nonmember bank filing the agreement a certificate on F.R.B. Form T-3 evidencing the filing of the agreement and the qualification of the bank under section 8(a) of the Securities Exchange Act of 1934.

The Board does not wish to question the correctness of the statements in any certificate which has been issued or to raise any doubts as to the rights of persons who have relied upon such certificate as evidencing the proper filing of one of these agreements, but in view of the possibility that at some future time the Board may have to proceed to terminate the agreement of a nonmember bank under section 8(a) of the Securities Exchange Act of 1934 because of the bank's failure to comply with the provisions of the agreement, it is deemed advisable to correct any omission or irregularity which might embarrass the Board in taking such action.

The agreements filed in your district with respect to which there are apparent omissions or irregularities are as follows:

"In the following cases the resolution authorizes the execution and filing of the agreement by two officers but the signature of only one of the two officers appears:

**Springfield State Bank** Springfield, Kentucky
**Farmers Deposit Bank** Brandenburg, Kentucky

"(In this connection the Board has ruled that an agreement on F.R.B. Form T-1 or T-2 is executed in accordance with the prescribed form of resolution of authorization if the agreement is signed by one of the two officers named in the resolution and is attested by the other.)

**Beaver Dam Deposit Bank**
**Beaver Dam, Kentucky**

The resolution authorizes the execution and filing of the agreement by Frank Barnes, President, and Marshall Barnes, Vice President. The agreement is signed on behalf of the bank by Marshall Barnes, Vice President, and is attested by Frank Barnes, Secretary. The certificate as to the adoption of the resolution is not signed by the Secretary but is signed by Marshall Barnes, Vice President.
"Peoples Bank,
New Hope, Kentucky

First-City Bank & Trust Company,
Hopkinsville, Kentucky.

The resolution authorizing execution of the agreement names only one officer. The agreement is executed under authority of a resolution of the 'Executive Board of Directors'. It is not clear whether this is a body other than the Board of Directors and if so whether it has power to authorize the execution of the agreement.

"You are requested to call the attention of counsel for your bank to these agreements and to advise the Board that in each case it is the opinion of counsel for your bank that the omission or irregularity is either satisfactorily explained by documents in your possession or constitutes a formality which does not affect the legal sufficiency of the agreement or that the agreement has been supplemented by a new agreement which has been properly executed and filed by the nonmember bank.

"Upon receipt of such advice from all of the Federal Reserve agents the Board will proceed with the publication of a list of all qualified nonmember banks in order to simplify the present procedure under which it is necessary for each Federal Reserve agent to notify not only the Board but also each other Federal Reserve agent of additions to the list of qualified banks."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Stevens, Federal Reserve Agent at the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to Assistant Federal Reserve Agent Young's letter of May 9, 1935, submitting a review of the Clayton Act permit granted on February 5, 1934, to Mr. George Chase, Yorkville, Illinois, to serve at the same time as director of The Yorkville National Bank and Farmers State Bank of Yorkville, both of Yorkville, Illinois, and recommending that the permit be revoked.

"You were advised in the Board's letter of February 5, 1934, that the permit was issued because of your statement
"That while the banks involved are in substantial competition, you felt that the influence of the applicant would be helpful in effecting a consolidation of the two institutions; and you were requested, in the event the proposed consolidation had not been effected by July 1, 1934, to review the matter and submit a report to the Board with your recommendation as to whether or not the permit should be revoked.

"It is noted from Mr. Young's letter that the possibility of a consolidation of the two institutions involved has become more and more remote and is no longer being considered; that the circumstances which made it seem desirable to issue this permit no longer exist, and that the continuance of the permit does not appear to be consistent with the Board's policy in other situations of a similar nature since the banks involved are in direct competition with each other for the same classes of business and are located in the same business community.

"In view of the fact that there is now pending before the Congress proposed legislation for the purpose of clarifying and otherwise amending the provisions of the Clayton Act, it is felt that no action should be taken at this time toward the revocation of existing permits. In the circumstances, the Board will hold in abeyance the matter of revocation of the permit granted to Mr. Ohse pending the outcome of the legislation now before the Congress."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"There are inclosed the original and copies of Clayton Act permits granted to Mr. A. G. Sam, Sioux City, Iowa, to serve as director and officer of The Live Stock National Bank of Sioux City, Sioux City, Iowa, and as director of The National Bank of Norfolk, Norfolk, Nebraska, and Mr. R. E. Montgomery, Norfolk, Nebraska, to serve as director and officer of The First National Bank and Trust Company of Chamberlain, Chamberlain, South Dakota, and as director and officer of The National Bank of Norfolk, Norfolk, Nebraska, for transmittal by you to Messrs. Sam and Montgomery and the banks involved and copies for your files.

"It is noted that a charter has not yet been issued to The National Bank of Norfolk and in view of this you are
requested to withhold delivery of the inclosed permits and copies thereof until such charter is issued.

"When the permits and copies thereof are forwarded to Messrs. Sam and Montgomery and the banks involved, please advise them that the permits have 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.

"Copies of this letter and copies of Mr. Sam's and Mr. Montgomery's permits have been forwarded to Federal Reserve Agents Stevens at Chicago and Peyton at Minneapolis respectively; and when the permits are released please advise them and the Board accordingly in order that the files may be complete."

Approved.

Letter dated May 17, 1935, approved by three members of the Board, to Mr. Walsh, Federal Reserve Agent at the Federal Reserve Bank of Dallas, reading as follows:

"On April 19, 1935, the Board granted Mr. James H. Simms, Simms, Texas, permission under the provisions of the Clayton Act to serve at the same time as director and officer of The First National Bank of New Boston, New Boston, Texas, and as director of First National Bank at De Kalb, De Kalb, Texas, for the period ending January 14, 1936.

"The Board is now in receipt of a letter dated May 8, 1935, from Mr. E. E. Bearden, Cashier of First National Bank at De Kalb, a copy of which is inclosed for your information and record, making inquiry as to whether the permission granted to Mr. Simms on April 19, 1935, authorizes his services as chairman of the board of directors of that institution.

"Although the information submitted by First National Bank at De Kalb in connection with Mr. Simms' application dated February 1, 1935, indicates that he has been an officer of that bank since December 19, 1934, Mr. Simms did not make application to include his service as chairman of the board of directors and a report of examination of First National Bank at De Kalb was not available at the time Mr. Simms' application was considered, in view of which his service as officer of this bank was not included in the permit heretofore granted to him. Accordingly, the Board has issued an amended permit covering Mr. Simms' present services as director and officer of The First
"National Bank of New Boston, New Boston, Texas, and First National Bank at De Kalb, De Kalb, Texas, for the period ending January 14, 1936; and there are inclosed the original and copies of this amended permit for transmittal by you to Mr. Simms and the banks involved and a copy for your files."

"Before releasing the permit and copies you are requested to satisfy yourself that Mr. Simms is not now serving any organizations other than those which he listed in item 12 of F.R.B. Form 94 in his application dated February 1, 1935, which make loans on the security of stock or bond collateral; and it will be appreciated if you will advise the Board regarding this matter in order that its files may be complete."

"Mr. Simms and the banks involved were advised upon the issuance of the previous permit as to the reason for its issuance so as to expire at the close of January 14, 1936."

Approved.

Letter dated May 15, 1935, approved by four members of the Board, to an applicant for a Clayton Act permit advising of the issuance by the Board of a permit as follows:

Mr. Nelson Morris, to serve at the same time as a director of The National Stock Yards National Bank of National City, National Stock Yards, Illinois, and as a director of The Mid-City National Bank of Chicago, Chicago, Illinois, for the period ending January 14, 1936.

Approved.

Letters dated May 17, 1935, approved by three members of the Board, to applicants for Clayton Act permits advising respectively of the issuance of permits by the Board as follows:

Mr. Lewis Flemer, to serve at the same time as a director of The National Capital Bank of Washington, Washington, D. C., and as a director and officer of the East Washington Savings Bank, Washington, D. C., for the period ending January 14, 1936.

Mr. H. C. Watson, to serve at the same time as a director of the Eastern Shore Citizens Bank, Onancock, Virginia, and as a director of the Farmers & Merchants National Bank in Onley, Onley, Virginia, for the period ending January 14, 1936.
Mr. W. F. C. Hazen, to serve at the same time as a director and officer of The National Capital Bank of Washington, Washington, D. C., and as a director of the East Washington Savings Bank, Washington, D. C., for the period ending January 14, 1936.

Approved.

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

**Application for ORIGINAL Stock:**

**District No. 7.**
- The First National Bank in Wauwatosa, Wauwatosa, Wisconsin
  - Shares: 72

**Applications for ADDITIONAL Stock:**

**District No. 2.**
- The First National Bank of Clifton, Clifton, New Jersey
  - Shares: 150

**District No. 12.**
- First National Bank in Reno, Reno, Nevada
  - Shares: 36
- The American National Bank of San Bernardino, San Bernardino, California
  - Shares: 15
  - Total: 51

**Applications for SURRENDER of Stock:**

**District No. 9.**
- The Liberty National Bank of Dickinson, Dickinson, North Dakota
  - Shares: 14

**District No. 12.**
- Peoples Bank and Trust Company, Seattle, Washington
  - Shares: 30
  - Total: 44

Approved.

Thereupon the meeting adjourned.

Approved:

[Signature]

Secretary.

[Signature]

Governor.