

A meeting of the Federal Reserve Board was held in Washington on Saturday, July 13, 1935, at 11:30 a. m.

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

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

The Board acted upon the following matters:

Memorandum dated July 10, 1935, from the Committee on Salaries and Expenditures submitting a letter dated July 5 from Mr. Sailer, Deputy Governor of the Federal Reserve Bank of New York, which requested approval of changes in the personnel classification plan of the Buffalo Branch to provide for the transfer of the Accounting Section of the Checking Division, together with positions assigned thereto, to a new division to be known as the "Accounting Division" and for the creation of a new position in that division of "Chief, grade 1-2", with a salary range of from \$2600-\$3000. The memorandum stated that the Committee had reviewed the proposed changes and recommended that they be approved.

Approved.

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

"Reference is made to your letter of June 28, 1935, recommending approval of a proposed reduction in the common capital stock of the 'Peoples Trust Company, of Wyomissing, Pa.', from \$500,000 to \$250,000, pursuant to a plan which provides for the sale at par of \$250,000 preferred stock to local interests and the use of the released capital in eliminating losses, and depreciation and in setting up a reserve for contingencies. It is noted that the

7/13/35

-2-

"proposed plan also provides for the release of a secured guaranty held by the Secretary of Banking and the application of the proceeds of the sale of the securities held thereunder toward the purchase of preferred stock.

"The Board has considered the information submitted as well as the condition of the trust company as reflected in the last report of examination, and, in accordance with your recommendation, approves the reduction in common capital stock, with the understanding that none of the released capital will be returned to stockholders but will be used to eliminate unsatisfactory assets and to provide reserves for contingencies; that the transaction has the approval of the Secretary of Banking of the Commonwealth of Pennsylvania and that your counsel has considered the case and is satisfied as to the legality of the proceedings in connection therewith. It will be appreciated if you will forward copies of any amendments to the trust company's charter which may be adopted in connection with the capital adjustments and advise the Board as to the eliminations effected."

Approved.

Telegram to the Federal reserve agents at all Federal reserve banks, reading as follows:

"Ruling No. 46 interpreting Regulation T. In reply to an inquiry of a business conduct committee of a national securities exchange regarding the provisions of the fourth paragraph of section 6 of Regulation T, the Federal Reserve Board rules that such a committee, having, on proper application, granted to a 'creditor', as defined in Regulation T, an extension of time in which to receive payment from a customer who has purchased registered securities in a bona fide cash transaction, may, on further application of the creditor and before the expiration of the extension, authorize the creditor to transfer the transaction from the customer's special cash account to his margin account, making appropriate entries in both accounts, and to extend credit on such securities in the margin account subject to the provisions of Regulation T: Provided, That the committee shall be satisfied that the transaction was a bona fide cash transaction, that the creditor is acting in good faith in making the application, and that the circumstances warrant such action."

Approved.

Letter to Mr. Stevens, Federal Reserve Agent at the Federal

7/13/35

-3-

Reserve Bank of Chicago, reading as follows:

"Further consideration has been given to the possible applicability of section 32 of the Banking Act of 1933 to the service of Dr. Stanley A. Clark as an officer and director of The City National Bank of South Bend and as director of Associates Investment Company, both of South Bend, Indiana. With his letter of May 17, 1935, Mr. Young inclosed a copy of the opinion of counsel for your bank regarding this question, from which it appears that Associates Investment Company is engaged in the business of purchasing from or discounting for automobile dealers the notes of purchasers of automobiles secured by conditional sales contracts or chattel mortgages and that, for the purpose of providing additional working capital, the company issues its collateral trust notes secured by such contracts or mortgages and that approximately 75 percent of such collateral trust notes are pledged with various banks as security for lines of credit and the remaining 25 percent of such collateral trust notes are sold to the public. On the basis of this information, counsel for your bank is of the opinion that the company should not be regarded as 'engaged primarily in the business of purchasing, selling, or negotiating securities' within the meaning of section 32, and the Board sees no reason to differ with this conclusion."

Approved.

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

Mr. I. H. Nakdimen, to serve at the same time as a director and officer of The City National Bank of Fort Smith, Fort Smith, Arkansas, as a director and officer of the First National Bank in Greenwood, Greenwood, Arkansas, and as a director and officer of the Sallisaw State Bank, Sallisaw, Oklahoma, for the period ending January 14, 1936.

Mr. H. S. Nakdimen, to serve at the same time as an officer of The City National Bank of Fort Smith, Fort Smith, Arkansas, and as a director of the Sallisaw State Bank, Sallisaw, Oklahoma, for the period ending January 14, 1936.

Approved.

7/13/35

-4-

Thereupon the meeting adjourned.

Chester M. Powell
Secretary.

Approved:

W. C. G. [Signature]
Governor.