

A meeting of the Executive Committee of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 26, 1935, at 2:30 p. m.

PRESENT: Mr. Thomas, Vice Chairman  
Mr. Hamlin  
Mr. James

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

The Committee acted upon the following matters:

Memorandum dated September 24, 1935, from Mr. Wyatt, General Counsel, recommending that Miss Mary A. Morgan, who on July 15, 1935, was employed on a temporary basis for a period of three months as a stenographer in the legal division, with salary at the rate of \$120 a month, be appointed as a stenographer in the division on a permanent basis, with salary at the rate of \$1,560 per annum, effective when she has passed a satisfactory physical examination.

Approved unanimously.

Telegram to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Retel September 25, 1935, relating to Vollmer Security Company, Lewiston, Idaho. On the basis of the facts developed in connection with the voting permit application of that corporation, the Board feels that it cannot properly determine that Vollmer Security Company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies within the meaning of section 2(c) of the Banking Act of 1933 as amended by section 301 of the Banking Act of 1935. Accordingly, you should proceed with the examinations necessary in connection with the application of Vollmer Security Company for a voting permit."

Approved unanimously.

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Letter 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 August 27, 1935, relating to the application of American Investment Corporation, Ogden, Utah, for a voting permit entitling it to vote the stock which it owns or controls of Commercial Security Bank, Ogden, Utah, and the recommendation of the executive committee of your bank that a general voting permit be granted to the holding company affiliate subject to the condition, among others, that Commercial Security Bank cure the impairment in its common stock.

"In this connection, you refer to the following provision contained in section 345 of the Banking Act of 1935:

'If any such bank or trust company shall have outstanding any capital notes or debentures of the type which the Reconstruction Finance Corporation is authorized to purchase pursuant to the provisions of section 304 of the Emergency Banking and Bank Conservation Act, approved March 9, 1933, as amended, the capital of such bank may be deemed to be unimpaired if the sound value of its assets is not less than its total liabilities, including capital stock, but excluding such capital notes or debentures and any obligations of the bank expressly subordinated thereto.'

As you indicate, this provision is applicable to State member banks and banks applying for membership in the Federal Reserve System. The Board has, in one instance, applied it in approving the application of a bank for membership where it appeared that the bank's capital was adequate and that it was not practicable for the bank to eliminate the deficit in its capital account. However, such action was, of course, entirely within the discretion of the Board.

"It appears that upon the basis of the analysis of the condition of Commercial Security Bank, which appears in the memorandum upon which your executive committee's recommendation was based, the bank's common capital may, under the above-quoted provision, be deemed to be unimpaired. Your suggestion that, accordingly, a modification of the above-mentioned condition may be deemed desirable will be considered by the Board in connection with its action relating to the granting of a general voting permit to American Investment Corporation. In that connection, the Board will appreciate your advising it whether there is any reason

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"why it is not practicable, under the laws of the State of Utah, for the common capital of the bank to be reduced."

Approved unanimously.

Memorandum dated September 25, 1935, from Mr. Foulk, Fiscal Agent, recommending that the following form of indorsement be used in the future on checks received by the Board:

"Pay to the Order of the  
FEDERAL RESERVE BANK OF RICHMOND

(DATE)

For credit of the Board  
of Governors of the Federal  
Reserve System."

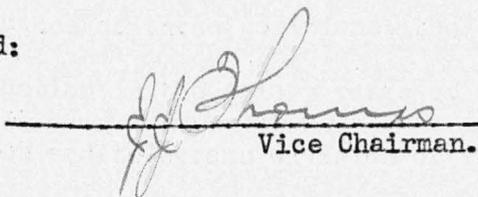
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:

  
Vice Chairman.