

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 11, 1935, at 11:30 a. m.

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

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

The Board acted upon the following matters:

Letter to Mr. Walsh, Chairman of the Federal Reserve Bank of Dallas, stating that the Board approves the establishment without change by the bank on November 7, 1935, of the rates of discount and purchase in its existing schedule.

Approved unanimously.

Letter to the Attorney General of the United States, reading as follows:

"This refers to Mr. Keenan's letter of October 24, 1935, JBK:WHR 29-35-65, relative to overdrafts of the Elk Paper Manufacturing Company of Childs, Maryland, with the Maryland Trust Company, Baltimore, Maryland, a member of the Federal Reserve System. The records of the Board have been searched and the following data from reports of examination of the bank comprise the information in the Board's records with reference to the matter.

"The carrying values of the bank's extension of credit to and investment in the securities of the Elk Paper Manufacturing Company were as follows:

	<u>Date of Examination</u>		
	Jan. 15, <u>1934</u>	Sept. 10, <u>1934</u>	Apr. 15, <u>1935</u>
Loans	148,906.05	133,591.43	154,106.00
Discounted notes	7,500.00	7,500.00	7,500.00
Overdraft	15,164.24	44,914.90	56,535.51

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	<u>Date of Examination</u>		
	Jan. 15, 1934	Sept. 10, 1934	Apr. 15, 1935
"Accounts receivable	369.34	373.83	
Bonds - 1st 'A'			
(Par \$10,000)	10,000.00	7,500.00	7,500.00
Bonds - 1st 'B'			
(Par \$84,000)	84,000.00	63,000.00	63,000.00
Stocks - 1st pfd.			
2,855 shs.	25,355.50	1.00	*
Stocks - 2,000 common	-0-	-0-	*
	<u>291,295.13</u>	<u>256,881.16</u>	<u>288,641.51</u>

* No stocks of the Elk Paper Manufacturing Company listed in the report of examination. It may be that the stocks were not listed, as being nonbook assets of no allowable value.

<u>Classification</u>	<u>Date of Examination</u>		
	Jan. 15, 1934	Sept. 10, 1934	Apr. 15, 1935
Slow	131,107.63	141,657.65	168,141.51
Doubtful	-0-	-0-	-0-
Estimated loss	40,832.00	45,472.51	50,000.00
Estimated deprecia- tion in bonds and stocks	48,855.50	4,700.00	9,400.00

"Report of examination as of January 15, 1934:

(Examination made by examiners for the Federal Reserve Bank of Richmond in conjunction with State Banking Department. Report prepared by examiners for the Federal Reserve Bank.)

"Under the caption 'Loans to corporations in which officers or directors are interested' loans of \$171,939.63 to the Elk Paper Manufacturing Company were listed, and the officer or director interested was stated to be 'Zimmerman for bank's interest'. Detailed comments regarding the extension of credit were as follows:

'Int. paid to 7-1-33. \$82,324.05 sec'd. by accts. rec. of approx. \$100M; \$34,500. sec'd. by \$35M mtge. bonds of the company which are estimated worth 75, leaving a loss in this note of \$8,750.

'\$32,082. represents 4 unsecured notes which examiner classifies as loss. \$7,500. represents 2 discounted notes, makers of which are thot to be good; \$15,164.24 is overdraft which increased to approx. \$25M before close of

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"exam., being cash advanced by the bank for working capital in preference to taking additional notes. \$369.34 carried in Accts. Receivable. Vice Pres. Zimmerman is interested only in an official capacity representing bank's interests. Company lost money last year but is said to be doing a little better & almost breaking even. Depending upon future conditions, line may result in larger loss than examiner estimates or may be eventually worked out to a more satisfactory conclusion."

"Report of examination as of September 10, 1934:

(Examination made by State Banking Department in conjunction with Federal Reserve Bank of Richmond. Report prepared by State bank examiners.)

"The report contained the following comments regarding the line:

'This line is made up by the following:

\$108,591.43 secured by assigned a/c.

\$25,000.00 " " Elk Paper Co. bonds.

\$7,500. secured by endorsers.

\$44,914.90 is an overdraft.

\$373.83 accounts receivable.

'This company has been losing money for some time. Mr. Zimmerman is keeping in close touch with the affairs of the company.

'\$108,591.43 secured by assigned accounts, are considered good. The bank also holds \$40,000. Elk Paper Mfg. Co. Bonds which have a book value of \$75.

'\$7,500. secured by responsible endorsers. Balance considered loss. \$40,832.00 has been charged off of this line since last examination. Examiner suggests that board appoint a committee to investigate the affairs of the company and see if it can be worked out to the bank's advantage.'

"Report of examination as of April 15, 1935:

(Examination made by examiners for the Federal Reserve Bank of Richmond in conjunction with State Banking Department. Report prepared by examiners for the Federal Reserve Bank.)

"The line was made up of the following:

\$128,356 Secured by customers' notes and assigned accounts.

25,750 Secured by \$35,000 1st mtge. bonds of the company.

5,000 Discounted note of Wm. C. Alwine

2,500 Discounted note of Wm. A. Cohen

56,535.51 Overdraft

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"The examiner's comments were as follows:

"\$56,535.51 consists of overdraft, bk, using this method of providing working capital in lieu of taking notes. Line is giving bk. a good deal of concern & V. P. Zimmerman is acting in a supervisory capacity in the bank's int. A substantial amt. has been previously charged off & estimated loss as set out is purely guess work depending upon future conditions. Classification made by Mr. Zimmerman."

"A report of examination of the bank as of October 2, 1928, contained no reference to an investment in the securities of, or an extension of credit to, the Elk Paper Manufacturing Company. Copies of reports of examination between October 2, 1928, and January 15, 1934, were not forwarded to the Board, but analyses of the reports of examination made during that period prepared by the Federal Reserve Agent and forwarded to the Board in accordance with the general procedure in force at that time contain no reference to the Elk Paper Manufacturing Company."

"In July, 1930, the Maryland Trust Company effected a consolidation, through acquisition of assets and assumption of liabilities, with the Drivers and Mechanics National Bank and the Continental Trust Company, both of Baltimore, Maryland, and it may be that the line had its origin in one of the banks then taken over."

"From the information in the Board's records, there is nothing which would indicate that the present situation with respect to the extension of credit by the Maryland Trust Company to the Elk Paper Manufacturing Company, through overdrafts or otherwise, reflects other than an attempt on the part of the bank to work out an unsatisfactory line of credit, in which attempt the bank has undertaken to supervise the operations of the borrower and has advanced additional funds in an effort to avoid a substantial loss."

Approved unanimously.

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

"In connection with its consideration of the application of the 'Bank of Nutley', Nutley, New Jersey, for a voting permit entitling such bank to vote the stock which it owns or controls of 'The Franklin National Bank of Nutley', Nutley, New Jersey, the Board has determined that such applicant 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

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"section 301 of the Banking Act of 1935, and that, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise, you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection, it is requested that you advise the Board if, at any time, you believe this matter should again be considered by the Board."

Approved unanimously, together with
a letter to the "Bank of Nutley", Nutley,
New Jersey, reading as follows:

"This refers to the application of your bank for a voting permit entitling it to vote the stock which it owns or controls of 'The Franklin National Bank of Nutley', Nutley, New Jersey.

"The Board understands that your bank is engaged in the general banking business and was organized and is operated for that purpose; that your bank owns 56.2% of the outstanding shares of stock of The Franklin National Bank of Nutley, and less than 1% of the outstanding shares of stock of the First National Bank, Nutley, New Jersey; that the assets of your bank are approximately four times as large as those of The Franklin National Bank of Nutley, its sole subsidiary bank; that only a relatively small portion of your bank's assets is invested in bank stock; and that your bank was not organized and is not operated for the purpose of managing or controlling banks.

"As you perhaps know, section 301 of the Banking Act of 1935 amended section 2(c) of the Banking Act of 1933, defining the term 'holding company affiliate', by adding thereto the following paragraph:

"Notwithstanding the foregoing, the term 'holding company affiliate' shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States, or any organization which is determined by the Board of Governors of the Federal

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"Reserve System not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies."

"In view of the above facts, the Board has determined that your bank 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 the above quoted statutory provision, and, therefore, is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for your bank to obtain a voting permit in order to vote the stock which it owns or controls of The Franklin National Bank of Nutley and on this basis the Board will give no further consideration to your application for such a permit.

"If, however, your bank acquires control over any other bank, or the character of the business of your bank, the nature of its assets, or the purpose for which it is operated should at any time differ from the description thereof contained in this letter to an extent which would indicate that it might be engaged as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

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

"In connection with its consideration of the application of 'The National City Bank of New York', New York, New York, for a voting permit entitling it to vote the stock which it owns or controls of 'City Bank Farmers Trust Company', New York, New York, the Board has determined that the applicant 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, and, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any

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"reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection, it is requested that you advise the Board if, at any time, you believe this matter should again be considered by it."

Approved unanimously, together with
a letter to "The National City Bank of
New York", New York, New York, reading as
follows:

"This refers to the application of your bank for a voting permit entitling certain trustees to vote the stock which your bank controls of the 'City Bank Farmers Trust Company', New York, New York.

"The Board understands that your bank was organized and is operated for the purpose of conducting a general banking business; that substantially all of the stock of the City Bank Farmers Trust Company is held by trustees for the benefit of the shareholders of your bank; that City Bank Farmers Trust Company is operated as a trust company affiliate of your bank and is principally engaged in handling trust business, including that which would otherwise flow to your bank; that your bank's report of condition, as of June 29, 1935, showed that it had assets amounting to approximately \$1,600,000,000; that the report of condition of City Bank Farmers Trust Company, as of the same date, showed that it had assets amounting to approximately \$128,000,000; that a relatively insignificant portion of the assets of your bank is invested in stock of International Banking Corporation, a subsidiary of your bank, which, together with its subsidiaries, conducts a foreign banking business; that City Bank Farmers Trust Company controls certain foreign corporations engaged in handling trust business; that City Bank Farmers Trust Company owns a substantial portion of the stock of, but does not control, Central Farmers Trust Co., West Palm Beach, Florida; and that your bank does not control any banking institution or organization other than those mentioned above.

"As you know, section 301 of the Banking Act of 1935

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"amended section 2(c) of the Banking Act of 1933, defining the term holding company affiliate, by adding thereto the following paragraph:

'Notwithstanding the foregoing, the term "holding company affiliate" shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States, or any organization which is determined by the Board of Governors of the Federal Reserve System not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies.'

"In view of the above facts, the Board has determined that your bank 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 the above quoted statutory provisions, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for your bank to obtain a voting permit and, on this basis, the Board will give no further consideration to your application.

"If, however, your bank acquires control over any other bank, or the facts should at any time otherwise differ from those stated above to an extent which would indicate that your bank might be engaged as a business in holding the stock of, or managing or controlling banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

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

"In connection with its consideration of the application of 'Roscoe Shareholders, Inc.', Roscoe, New York, for a voting permit entitling it to vote the stock which it owns or controls of 'The First National Bank & Trust Company of Roscoe', Roscoe, New York, the Board has determined that the applicant 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, and, accordingly, the applicant is not a holding company affiliate for any

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"purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection, it is requested that you advise the Board if, at any time, you believe this matter should again be considered by it."

Approved unanimously, together with
a letter to "Roscoe Shareholders, Inc.",
Roscoe, New York, reading as follows:

"This refers to the application of your corporation for a voting permit entitling it to vote the stock which it owns or controls of 'The First National Bank & Trust Company of Roscoe', Roscoe, New York.

"The Board understands that your corporation was organized on December 28, 1932, by the shareholders of The First National Bank & Trust Company of Roscoe, Roscoe, New York, for the purpose of eliminating questionable assets from the bank; that at the time your corporation was organized certain stockholders of the bank exchanged 2,000 shares of common stock of the bank for 2,000 shares of common stock of your corporation and that some of these stockholders also purchased 500 shares of preferred stock of your corporation, having a par value of \$50,000, which sum was used to purchase questionable assets from the bank; that your corporation owns 50 per cent of the outstanding common stock of the bank but does not own any of the bank's preferred stock or any other bank stock; and that your corporation was not organized and is not operated for the purpose of managing or controlling banks.

"As you perhaps know, section 301 of the Banking Act of 1935 amended section 2(c) of the Banking Act of 1933, defining the term 'holding company affiliate', by adding thereto the following paragraph:

"Notwithstanding the foregoing, the term "holding company affiliate" shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States, or any organization which is determined by the Board of Governors of the

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"Federal Reserve System not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies."

"In view of the above facts, the Board has determined that your corporation 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 the above-quoted statutory provisions, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for your corporation to obtain a voting permit and, on this basis, the Board will give no further consideration to your application.

"If, however, your corporation acquires control over any other bank, or the purpose for which your corporation operates, the nature of its assets, or the character of the functions which it performs should at any time differ from the description thereof contained in this letter to an extent which would indicate that it might be engaged as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

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

"In connection with its consideration of the application of 'The Coudersport Trust Company', Coudersport, Pennsylvania, for a voting permit entitling it to vote the stock which it owns or controls of 'The First National Bank of Coudersport', Coudersport, Pennsylvania, the Board has determined that the applicant 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, and, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for

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"your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this connection it is requested that you advise the Board if, at any time, you believe this matter should again be considered by it."

Approved unanimously, together with a letter to "The Coudersport Trust Company", Coudersport, Pennsylvania, reading as follows:

"This refers to the application of your company for a voting permit entitling it to vote the stock which it owns or controls of 'The First National Bank of Coudersport', Coudersport, Pennsylvania.

"The Board understands that your company owns 420 of the 500 outstanding shares of stock of The First National Bank of Coudersport but does not hold the stock of, or manage or control, any other bank; that the stock of The First National Bank of Coudersport constitutes substantially less than one-tenth of the assets of your company; that your company was organized for the purpose of supplementing the banking service previously furnished by The First National Bank of Coudersport and acquired the stock of such bank as an investment; that The First National Bank of Coudersport handles primarily commercial banking business and your company handles primarily trust and savings business; and that your company was not organized and is not operated for the purpose of managing or controlling banks.

"As you perhaps know, section 301 of the Banking Act of 1935 amended section 2(c) of the Banking Act of 1933, defining the term holding company affiliate, by adding thereto the following paragraph:

'Notwithstanding the foregoing, the term "holding company affiliate" shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States, or any organization which is determined by the Board of Governors of the Federal Reserve System not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies.'

"In view of the above facts, the Board has determined that your company is not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling,

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"banks, banking associations, savings banks, or trust companies, within the meaning of the above quoted statutory provisions, and, therefore, it is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act. Accordingly, it is not necessary for your company to obtain a voting permit in order to vote the stock which it owns or controls of The First National Bank of Coudersport and, on this basis, the Board will give no further consideration to your application for such a permit.

"If, however, your company acquires control over any other bank, or the facts should at any time differ from those stated above to an extent which would indicate that your company might be engaged as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

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

"In connection with its consideration of the application of the 'Monongahela Trust Company', Homestead, Pennsylvania, for a voting permit entitling such company to vote the stock which it owns or controls of 'The First National Bank of Homestead', Homestead, Pennsylvania, and 'The Hays National Bank', Hays, Pennsylvania, the Board has determined that such applicant 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, and that, accordingly, the applicant is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"Inclosed herewith is a letter to the applicant advising it concerning the Board's action in this matter. If, for any reason, you believe that this matter should be reconsidered by the Board, please communicate with the Board at once. Otherwise, you are requested to transmit the inclosed letter to the applicant. A copy of the letter is also inclosed for your files.

"As you will note, the Board expressly reserves the right to make a further determination of this matter at any time on the basis of the then existing facts. In this con-

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"nection, it is requested that you advise the Board if, at any time, you believe this matter should again be considered by the Board."

Approved unanimously, together with a letter to the "Monongahela Trust Company", Homestead, Pennsylvania, reading as follows:

"This refers to the application of your company for a voting permit entitling it to vote the stock which it owns or controls of 'The First National Bank of Homestead', Homestead, Pennsylvania, and 'The Hays National Bank', Hays, Pennsylvania.

"The Board understands that your company is engaged in the general banking business and was organized and is operated for that purpose; that your company owns 97.6% of the outstanding stock of The First National Bank of Homestead and 62% of the outstanding stock of The Hays National Bank but does not hold the stock of, or manage or control, any other bank; that the assets of your company are more than twice as large as the combined assets of your two subsidiary banks; that only a relatively small portion of your company's assets is invested in bank stock; and that your company was not organized and is not operated for the purpose of managing or controlling banks.

"As you perhaps know, section 301 of the Banking Act of 1935 amended section 2(c) of the Banking Act of 1933, defining the term 'holding company affiliate', by adding thereto the following paragraph:

'Notwithstanding the foregoing, the term "holding company affiliate" shall not include (except for the purposes of section 23A of the Federal Reserve Act, as amended) any corporation all of the stock of which is owned by the United States, or any organization which is determined by the Board of Governors of the Federal Reserve System not to be engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies.'

"In view of the above facts, the Board has determined that your 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 the above quoted statutory provision, and, therefore, is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve

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"Act. Accordingly, it is not necessary for your company to obtain a voting permit in order to vote the stock which it owns or controls of The First National Bank of Homestead and The Hays National Bank, and on this basis the Board will give no further consideration to your application for such a permit.

"If, however, your company acquires control over any other bank, or the character of the business of your company, the nature of its assets, or the purpose for which it is operated should at any time differ from the description thereof contained in this letter to an extent which would indicate that it might be engaged as a business in holding the stock of, or managing or controlling, banks, this matter should again be submitted to the Board for its determination. The Board reserves the right to make a further determination of this matter at any time on the basis of the then existing facts."

Telegram to Mr. Sproul, Assistant to the Governor of the Federal Reserve Bank of New York, reading as follows:

"Your letter November 8. Board approves action your directors in authorizing officers your bank to make loan up to \$200,000, for not to exceed 120 days, to National Bank of Nicaragua, interest on such loan to be charged at discount rate in effect at your bank. It is understood that this loan will be in addition to loan of \$100,000 to National Bank of Nicaragua referred to in Board's telegram of November 5, 1935, and that both loans will be secured by gold bars valued at \$499,000 now earmarked with Federal Reserve Bank of New York. Participation in additional loan by other reserve banks approved and they are being advised by letter accordingly."

Approved unanimously, together with
a letter to the chairmen of all Federal
reserve banks except New York, advising of
the Board's action in the matter.

Letter to Mr. McAdams, Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Receipt is acknowledged of your letter dated November 6, 1935, regarding your attendance at the conference on bank examination matters which is to meet in Washington on November 18.

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"It would be desirable if all Assistant Federal Reserve Agents in charge of examinations could attend the conference. It is recognized, however, that in your case it might be difficult to do so inasmuch as in your absence there would be no senior officer in the Agent's department. You have stated, however, that you know of nothing at this time which would preclude your absence from the bank for a few days.

"It is expected that the conference will last two or three days. If there are no matters of importance which require your presence at Kansas City during the first part of the week commencing November 18, it would seem to be desirable that you attend the conference. It is assumed, of course, that if you do attend, adequate arrangements will be made to carry on the routine procedure of the department in your absence, and that arrangements will also be made for a senior officer of the bank to be available in case matters of importance should arise."

Approved unanimously.

Memorandum dated November 7, 1935, from Mr. Parry, Chief of the Division of Security Loans, recommending that the existing temporary arrangement with the firm of Haskin & Sells, Certified Public Accountants, New York City, in connection with matters arising under the Securities Exchange Act of 1934, be renewed for a further period of six months from November 30, 1935, for the same purposes and on the same terms and conditions as were contained in the original contract, the total cost to the Board, including reimbursement for traveling and subsistence expenses incurred in connection with the work performed for the Board during the six months period, not to exceed \$500 per month, or a total cost of \$3,000.

Approved unanimously.

Memorandum dated November 7, 1935, from Mr. Parry, Chief of the Division of Security Loans, recommending an addition to the 1935 budget

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for the Division of \$250 for equipment and \$150 for subsistence expenses.

Approved unanimously.

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. 2.</u>		
Kearny National Bank, Kearny, New Jersey	249	249
<u>District No. 3.</u>		
The Johnsonburg National Bank, Johnsonburg, Pennsylvania	30	
The Portland National Bank, Portland, Pennsylvania	<u>7</u>	37
<u>District No. 7.</u>		
The Birmingham National Bank, Birmingham, Michigan	2	2
<u>District No. 9.</u>		
The First National Bank of Brewster Brewster, Minnesota	<u>5</u>	<u>5</u>
	Total	293
<u>Applications for SURRENDER of Stock:</u>		
<u>District No. 7.</u>		
Coldwater National Bank, Coldwater, Michigan	72	72
<u>District No. 12.</u>		
The Wallowa National Bank of Enterprise, Enterprise, Oregon	<u>51</u>	<u>51</u>
	Total	123

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

J. J. Thomas
Vice Chairman.