

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, December 4, 1935, at 11:30 a. m.

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

Mr. Morrill, Secretary
Mr. Carpenter, Assistant Secretary

The Board acted upon the following matters:

Letter to Mr. Peyton, Chairman of the Federal Reserve Bank of Minneapolis, stating that the Board approves the establishment without change by the bank on December 2, 1935, of the rates of discount and purchase in its existing schedule.

Approved unanimously.

Memorandum dated November 29, 1935, from Mr. Parry, Chief of the Division of Security Loans, recommending the appointment of Mr. Vladimir B. Grinioff as a research assistant in the division, with salary at the rate of \$2,000 per annum, effective as of the date upon which he enters upon the performance of his duties after having satisfactorily passed the usual physical examination.

Approved unanimously.

Memorandum dated November 26, 1935, from Mr. James submitting a letter dated November 20 from Mr. Preston, Deputy Governor of the Federal Reserve Bank of Chicago, which requested approval of certain changes in the personnel classification plan of the bank and its Detroit branch. The memorandum stated that Mr. James had reviewed the

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proposed changes and recommended that they be approved.

Approved unanimously.

Letter to Mr. Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"On November 25, 1935, the Board approved the application of 'The Citizens State Bank', Reynolds, Georgia, for permission to withdraw from membership in the System and waived the usual six months' notice of intention to withdraw. The Board was advised that the bank desires to continue without interruption its status as an insured bank and suggested, therefore, that the Assistant Federal Reserve Agent at Atlanta endeavor to have the bank defer the termination of its membership in the Federal Reserve System until it can simultaneously be accepted as a nonmember insured bank.

"It is understood that, in connection with the bank's application for continuation of insurance as a nonmember bank, you desire to make an examination of the institution. In accordance with the provisions of subsection (k) (2) of Section 12B of the Federal Reserve Act, therefore, the Board hereby grants written consent for examiners for the Federal Deposit Insurance Corporation to examine The Citizens State Bank, Reynolds, Georgia, in connection with its application for continuation of insurance as a nonmember bank."

Approved unanimously.

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 'Swissvale Trust Company', Swissvale, Pennsylvania, for a voting permit entitling such company to vote the stock which it owns or controls of 'The First National Bank of Swissvale', Swissvale, 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

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"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 "Swissvale Trust Company", Swissvale, 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 Swissvale', Swissvale, Pennsylvania.

"The Board understands that your company owns 930 of the 1,000 outstanding shares of stock of The First National Bank of Swissvale but does not own or control any other bank stock and does not manage or control any other bank. In view of these 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 section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, 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 and the Board will give no further consideration to its application.

"If, however, your company should at any time own or control a substantial portion of the stock of, or manage or control, any other bank, 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. Clark, Assistant Federal Reserve Agent at the Federal Reserve Bank of Atlanta, reading as follows:

"In connection with its consideration of the application of

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"the 'Universal Corporation', Miami Beach, Florida, for a voting permit entitling such corporation to vote the stock which it owns or controls of 'Mercantile National Bank of Miami Beach', Miami Beach, Florida, 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, 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 "Universal Corporation",
Miami Beach, Florida, 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 'Mercantile National Bank of Miami Beach', Miami Beach, Florida.

"The Board understands that your corporation owns 600 of the 1,000 outstanding shares of stock of Mercantile National Bank of Miami Beach but does not own or control any other bank stock and does not manage or control any other bank. In view of these 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 section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, 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 the Board will give no further consideration to its application.

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"If, however, your corporation should at any time own or control a substantial portion of the stock of, or manage or control, any other bank, 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. L. E. Birdzell, General Counsel, Federal Deposit Insurance Corporation, reading as follows:

"This refers to your letter of November 5, 1935, inclosing a copy of a letter from The Security Central National Bank, Portsmouth, Ohio, dated October 29, 1935, together with other inclosures, regarding the payment of interest by banks on demand deposits of public funds in the State of Ohio.

"It appears from the letter of The Security Central National Bank that a municipality in Ohio advertised for bids for deposits of its funds for a period of three years. The Security Central National Bank and an insured nonmember State bank submitted bids for these funds in which each offered to pay the same rate of interest. By reason of the fact that The Security Central National Bank may not lawfully pay interest on demand deposits of public funds after August 23, 1937, its bid was rejected and the funds awarded to the insured nonmember State bank. The letter calls attention to the provision of the Banking Act of 1935 which contemplates that all insured banks shall be placed on the same basis with respect to the payment of interest on deposits.

"In connection with an inquiry received from a bank in the State of Ohio, the Board has recently expressed the opinion that under the law no member bank may lawfully pay interest accruing after August 23, 1937, on any deposit of public funds which is payable on demand and that the payment of such interest after that date cannot be rendered lawful by provisions requiring such payment contained in a contract entered into subsequent to the Banking Act of 1935. For your information, there is inclosed herewith a copy of a letter which the Board addressed to the acting Federal Reserve Agent at the Federal Reserve Bank of Cleveland under date of November 16, 1935, and also a copy of a letter to a bank in Ohio, regarding this matter.

"The question whether the payment of interest on deposits of funds of municipalities is required by the law of Ohio so that interest may be paid thereon by member banks until August 23, 1937, under the provisions of section 19 of the Federal

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"Reserve Act, is one which the Board has not considered, and it is understood from telephone conversations had with your office that consideration of this question in connection with the letter from The Security Central National Bank will probably be unnecessary. It is the practice of the Board, before expressing an opinion on a question as to whether the payment of interest is required by State law, to communicate with the Federal Reserve Agent at the Federal Reserve bank of the district concerned and obtain the views of counsel for the bank, inasmuch as an interpretation of State law is involved. If your Corporation should feel it desirable to take a position on the question whether the payment of interest on deposits of funds of municipalities is required by the law of Ohio, the Board will, if desired, be glad to cooperate with you and consider the matter in accordance with its customary procedure in such cases."

Approved unanimously, together with a letter to Mr. Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"There is inclosed herewith a copy of a letter received by the Board from the Assistant Federal Reserve Agent at the Federal Reserve Bank of Cleveland calling attention to the practical disadvantage to which member banks in the State of Ohio are subject in submitting bids for deposits of public funds for periods extending after August 23, 1937, which arises from the fact that insured nonmember banks are not restricted in agreeing to pay interest on deposits of public funds after that date.

"This matter is submitted to you for such attention as you may deem advisable, in the hope that this competitive disadvantage may be eliminated in view of the provisions of the law which contemplate a basis of equality between member banks and insured nonmember banks with respect to the payment of interest on demand deposits."

Telegram 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 Board of Governors beginning on Tuesday, December 17, 1935, at 10:30 a. m. It will be appreciated if you will advise me by wire as to your attendance."

Approved unanimously.

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Memorandum dated November 29, 1935, from Mr. Smead, Chief of the Division of Bank Operations, submitting a revised draft of Form 107, Report of Earnings and Dividends of State Bank Members, and recommending approval of the form as revised for use by State bank members in submitting reports of earnings and dividends for the last half of 1935. The memorandum stated that the proposed changes were suggested principally in order to meet requests made by the Secretary of Labor and the Bureau of the Census that there be collected from banks certain payroll data and that it was understood that the office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation would collect similar information covering national banks and nonmember insured banks, respectively, provided the Board decided to obtain the data from State bank members. There were also submitted with the memorandum drafts of letters to the Secretary of Labor and the Director of the Census advising that the desired data would be included in the reports of earnings and dividends of State bank members beginning with the report to be submitted for the six months' period ending on December 31, 1935. It was pointed out that additional information could be furnished by the State member banks without difficulty except possibly eighteen banks that have "out-of-county" branches and that the Federal reserve agents would be requested to ask such banks to furnish the data by counties, if available in that form.

Approved unanimously.

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Memorandum dated December 3, 1935, from Mr. Carpenter, Assistant Secretary, stating that bids had been obtained from three of the leading local printers covering the printing of the regulations, and recommending that bids be accepted as follows:

<u>Gibson Bros.</u>		<u>National Capital Press</u>	
Regulation H	\$220.00	Regulation D	\$120.00
Regulation I and forms	264.50	Forms for Regulation H	236.00
Regulation P and forms	166.50	Regulation O	160.00
		Regulation Q	<u>190.00</u>
	<u>\$651.00</u>		<u>\$706.00</u>

The memorandum also stated that the prices shown were the low bids submitted in each case, with the exception of the forms for Regulation H, on which Gibson Bros. quoted a price of \$205.00; that if the order for these forms were given to Gibson Bros. all of the regulations having separate forms would be printed by that concern and the regulations without forms would be printed by the National Capital Press; and that, as the printing of these regulations by outside printers was being recommended for the purpose of ascertaining the quality of work, as well as the dispatch with which printing work could be done on the outside, as compared with the work and service furnished by the Government Printing Office, it was believed desirable that the National Capital Press be given an opportunity to demonstrate the quality of work it could do on the forms accompanying one of the regulations, as well as on the regulations themselves. The memorandum also submitted for consideration drafts of letters to the National

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Capital Press and Gibson Bros. in accordance with the above recommendations.

Approved unanimously.

There was then presented a memorandum dated December 3, 1935, from Mr. Hamlin, reading as follows:

"I have considered with members of the Board's staff the suggestions and criticisms received with reference to the seven standard conditions tentatively approved by the Board for use in connection with the issuance of general voting permits. Such conditions, with the changes which appear desirable in the light of such suggestions, are incorporated as numbered paragraphs in the agreement attached hereto. Certain explanatory paragraphs have also been incorporated in the agreement. It is recommended that the Board require the execution of such an agreement by the holding company affiliate involved in connection with the granting of each general voting permit, with the exception noted below.

"The most important changes have been made by adding the explanatory paragraphs A, B, C, and D in the attached agreement. These paragraphs deal with the off-setting of appreciation against depreciation in securities, the use of valuation reserves, the increasing of the carrying values of stocks of subsidiaries to the adjusted values, the use of current market values in determining depreciation in readily marketable securities, and appeals to the Board in the case of disagreements with representatives of the Board.

"The changes in the conditions themselves are relatively minor. The phraseology of conditions numbered 1 and 2 has been made to conform, with no material change in meaning. Condition numbered 6 has been changed to limit its application to loans made by subsidiary and affiliated banks instead of all subsidiary and affiliated organizations. Tentative condition numbered 7 required, among other things, that the management of the applicant's subsidiaries be conducted under sound policies. The condition has been changed so that, in this connection, it requires the applicant take such action within its power as may be necessary to cause the management of its subsidiaries to be conducted under sound policies. It was agreed that in cases in which the holding company affiliates are national banks, condition numbered 1 should not be prescribed and that condition numbered 4 should be extended to apply to the holding

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"company affiliates.

"There is also attached hereto a letter to all Federal Reserve Agents outlining the procedure to be followed in issuing general voting permits. The procedure outlined in this letter follows closely the telegraphic procedure heretofore used in connection with the issuance of limited voting permits. It is recommended that this letter be approved by the Board."

The proposed letter and form of agreement attached to the memorandum were as follows:

"The Board expects to authorize the issuance of general voting permits to a number of the applicants therefor in the near future. It desires that such permits be issued prior to the next annual meetings of the stockholders of the subsidiary banks and, in order to expedite the issuance of the permits, it will follow the procedure outlined herein.

"When the Board authorizes the issuance of a general voting permit to a holding company affiliate in your district, you will be advised by telegram. In this connection, the code word 'ANCILDALE' will be used and will have the following meaning:

"The Board of Governors of the Federal Reserve System authorizes the issuance of a general voting permit, under the provisions of section 5144 of the Revised Statutes of the United States, to the holding company affiliate named below after the letter "A", entitling such organization to vote the stock which it owns or controls of the banks named below after the letter "B" at all meetings of shareholders of such banks, subject to the conditions stated below after the letter "C". The period within which a permit may be issued pursuant to this authorization is limited to thirty days from the date of this telegram unless an extension of time is granted by the Board. Please proceed in accordance with instructions contained in the Board's letter of December 3, 1935, (X-9385)."

"One of the conditions listed after the letter 'C' in each telegram will require the applicant to execute and deliver to you two copies of an agreement prepared in accordance with the form attached hereto subject to any changes and with any additional provisions prescribed by the Board in the particular case. The attached form of agreement contains as numbered provisions thereof the standard conditions which the Board has adopted

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"after considering the criticisms and suggestions relative to the tentative conditions set out in the Board's letter of November 9, 1935 (X-9360). In some instances, the Board may prescribe special conditions which are to be incorporated in the agreement as additional numbered provisions thereof and in other cases it may possibly modify, in minor particulars, the standard conditions. Full details concerning such special conditions or changes in the standard conditions will be set out in the Board's telegram.

"The required agreement should be prepared by your counsel in strict accordance with the attached form and the terms of the Board's telegram in the particular case. Any additional conditions which are to be incorporated in the agreement must be incorporated verbatim. The agreement must be executed in form satisfactory to your counsel and he should certify that it is a valid and binding obligation of the applicant before you issue the permit.

"In addition to the execution of the required agreement containing the conditions, the Board may also prescribe other conditions which must be complied with prior to the issuance of the permit and which are not to be incorporated in the agreement. If any such condition requires the execution of a written instrument (e.g., Exhibit L or N), the executed instrument should be approved by your counsel before you issue the permit.

"It is important to note that special conditions which are not required to be complied with before the permit is issued should be incorporated in the agreement as numbered paragraphs thereof, in addition to and immediately following the numbered paragraphs contained in the inclosed form; whereas special conditions which must be complied with prior to the issuance of the permit should not be incorporated in the agreement, but you should be satisfied that they have been complied with before the permit is issued.

"If the person executing the required agreement or any other instrument on behalf of the applicant is not one of those designated by the resolution set out in Exhibit C of the voting permit application, you should be furnished with two certified copies of a resolution of the Board of Directors of the applicant authorizing such person to execute such agreement or other instrument.

"When the required agreement has been executed and all other conditions have been complied with, you shall, on behalf of the Board, execute and deliver to the applicant a general voting permit prepared by your counsel in accordance with the form attached hereto. It is essential that the permit contain

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"the names and locations of the holding company affiliate and the subsidiary banks exactly as listed in the Board's telegram. The permit should be executed in triplicate.

"When the permit has been issued, please forward to the Board an executed copy thereof, together with an executed copy of the required agreement of the applicant, an executed copy of each other instrument required by the conditions prescribed by the Board, a certified copy of any resolution of the applicant's Board of Directors required under the above instructions, and full information concerning the manner in which any other conditions have been satisfied.

"Under the procedure outlined herein the Board will, of course, rely entirely upon you to see that each permit is in proper form and is issued only in accordance with the Board's authorization. If in any case you have any question concerning how you are to proceed or what is intended by the Board, please communicate with the Board before issuing the permit."

"AGREEMENT

"In consideration of the granting by the Board of Governors of the Federal Reserve System, under authority of section 5144 of the Revised Statutes of the United States and pursuant to an application heretofore filed with the Board of Governors of the Federal Reserve System by the undersigned, of a general voting permit entitling the undersigned to vote the stock which it owns or controls of the member bank or banks specified in such permit at all meetings of shareholders of such bank or banks, the undersigned hereby represents, undertakes and agrees as follows:

"1. That, as soon as practicable and, in any event, within two years from the date such voting permit is granted, the undersigned will charge off or otherwise eliminate from its assets,

- (a) the part of the carrying value on its books of its investments in stocks of subsidiary and/or affiliated organizations which is in excess of the adjusted value of such stocks, after effect shall have been given to the deduction of all estimated losses of such subsidiary and/or affiliated organizations, all depreciation in stocks and defaulted securities, and all depreciation in all other securities not of the four highest grades, as classified by a recognized investment service organization regularly engaged in the

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"business of rating or grading securities, as shown by the latest available reports of examination of such organizations by the appropriate supervisory authorities and/or as shown by the latest appraisal of their assets by other examiners, auditors or appraisers satisfactory to the designated representative of the Board of Governors of the Federal Reserve System in the district in which the undersigned is located,

- (b) (i) all depreciation in its other stocks and in its defaulted securities, (ii) all depreciation in its securities not of the four highest grades as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities, (iii) all losses in all its other assets, --all as shown by the latest available reports of examination by the appropriate supervisory authorities and/or as shown by the latest appraisal of assets by other examiners, auditors or appraisers satisfactory to the designated representative of the Board of Governors of the Federal Reserve System in the district in which the undersigned is located,
- (c) all its other known losses;

- "2. That the undersigned will take such action within its power as may be necessary to cause each of its subsidiary State banking institutions to charge off or otherwise eliminate from its assets as soon as practicable and, in any event, within two years from the date such voting permit is granted, (a) all estimated losses in loans and discounts, (b) all depreciation in stocks and defaulted securities, (c) all depreciation in securities not of the four highest grades, as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities, (d) all other losses, all such charge-offs or eliminations to be based upon the latest available reports of examination by the appropriate supervisory authorities and/or as shown by the latest appraisal of assets by other examiners, auditors or appraisers satisfactory to the designated representative of the

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- "Board of Governors of the Federal Reserve System in the district in which such institution is located;
- "3. That the undersigned will take such action within its power as may be necessary to cause each of its subsidiary banking institutions to maintain a sound financial condition and to cause the net capital and surplus funds of each such subsidiary banking institution to be adequate in relation to the character and condition of its assets and to the deposit liabilities and other corporate responsibilities of such subsidiary banking institution;
 - "4. That the undersigned will take such action within its power as may be necessary to cause each subsidiary national bank or affiliate thereof to comply with the recommendations or suggestions of the Comptroller of the Currency based upon any report of examination of such bank or affiliate made to him pursuant to authority conferred by law and to comply with the regulations or requirements of the Board of Governors of the Federal Reserve System made pursuant to authority vested in it by law;
 - "5. That the undersigned will take such action within its power as may be necessary to cause each subsidiary State banking institution or organization affiliated therewith to comply with the recommendations or suggestions of the Board of Governors of the Federal Reserve System or its designated representative in the district in which the institution is located based upon any report of examination of such institution or affiliated organization made pursuant to authority conferred by law and to comply with the regulations or requirements of the Board of Governors of the Federal Reserve System made pursuant to authority vested in it by law;
 - "6. That the undersigned will take all necessary action within its power to prevent any of its subsidiary banks and any other banks with which the undersigned or any of its subsidiaries is affiliated from hereafter making, any loans or extensions of credit to, or purchases of securities under repurchase agreements from, the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its

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"subsidiaries is affiliated, or any investments in, or advances against, securities of the undersigned or any of its subsidiaries or any other organizations with which the undersigned or any of its subsidiaries is affiliated, except within the same limitations and subject to the same conditions and provisions as are applicable under section 23A of the Federal Reserve Act to such transactions involving member banks and their affiliates;

- "7. That the management of the undersigned will be, and the undersigned will take such action within its power as may be necessary to cause the management of each of its subsidiaries to be, conducted under sound policies governing its financial and other operations, including statements issued relating thereto; that the undersigned will maintain a sound financial condition; that its net capital and surplus funds shall be adequate in relation to the character and condition of its assets and to its liabilities and other corporate responsibilities; and that, except with the permission of the Board of Governors of the Federal Reserve System, it shall not cause or permit any change to be made in the general character of its business or investments.

"The foregoing representations, undertakings and agreements are subject to the following understandings:

"(A) In determining the amount of depreciation in securities owned by the undersigned or by any of its subsidiary or affiliated organizations, appreciation in securities owned by any such organization may be offset against depreciation in securities owned by the same organization, provided that such appreciation shall first be offset against depreciation in securities of the four highest grades owned by such organization, as classified by a recognized investment service organization regularly engaged in the business of rating or grading securities.

"(B) Whenever, under the terms of this agreement, any amounts are required to be charged off or otherwise eliminated, this agreement shall be deemed to have been complied with to the extent of any valuation reserve that may be set up for the securities or other assets involved; provided that, in all reports and published statements of condition, the amount of such reserves be deducted from the respective assets against which they are allocated.

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"(C) Whenever the stock of any of its subsidiary or affiliated organizations is carried on the books of the undersigned at less than its adjusted value, as determined in accordance with the foregoing clause numbered 1, nothing in this agreement shall prevent the undersigned from increasing the amount at which such stock is carried on its books to an amount not exceeding such adjusted value.

"(D) In case any dispute arises with any designated representative of the Board of Governors of the Federal Reserve System as to compliance with the terms of this agreement and such dispute involves disagreement with respect to any appraisal or valuation by any examiner, auditor or appraiser, or any recommendation or suggestion of such designated representative, the undersigned shall have the right to appeal to the Board for review and final determination.

"This agreement is executed in duplicate.

Dated _____

(Name of holding company affiliate)

By _____

(S E A L)

Attest:

Secretary."

It was agreed by the members of the Board that in view of the fact that the Board is charged by section 5144 of the Revised Statutes with the responsibility of considering and passing upon applications of holding company affiliates for voting permits entitling them to vote the stock controlled by them at meetings of shareholders of member banks, that as it is expressly provided that the Board may in its discretion grant or withhold any such permit as the public interest may require, and that as the Board in acting upon such applications is required to consider the financial condition of the applicants, the

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general character of their management, and the probable effect of the granting of such permits upon the affairs of such banks, it is proper and desirable in granting such permits to prescribe certain standard conditions to be observed by the applicants which in the opinion of the Board will be appropriate to the accomplishment of the purposes of the law.

The conditions having been carefully considered in the light of the views submitted by applicants for voting permits, together with the recommendations of the Federal reserve agents, the report of Mr. Hamlin and the letter and form of agreement submitted by him, which were approved by six members of the Board on December 3, 1935, were approved unanimously.

Thereupon the meeting adjourned.

Robert Howell

Secretary.

Approved:

W. S. ...

Chairman.