

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, December 20, 1935, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
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:

Bonds, each in the amount of \$50,000, executed under date of December 9, 1935, by Messrs. Clifford E. Morrissey and Dana D. Sawyer covering their appointment to act for the Federal Reserve Agent at the Federal Reserve Bank of Boston in certain capacities.

Approved unanimously.

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

"Receipt is acknowledged of Mr. Gidney's letter of November 15, 1935, and its inclosures, relating to the holding company affiliate status of Gimbel Brothers, Inc., New York, New York.

"Pursuant to the request of that company, the Board has determined that Gimbel Brothers, Inc., 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, that company 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 of advice to Gimbel Brothers, Inc., which you are requested to transmit to that company. 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

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"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 that this matter should again be considered by it."

Approved unanimously, together with a letter to Gimbel Brothers, Inc., New York, New York, reading as follows:

"This refers to your company's request that the Board determine that it 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.

"The Board understands that your company is principally engaged in operating retail department stores; that your company owns substantially all of the stock of Gimbel Brothers Bank and Trust Company, Philadelphia, Pennsylvania; that such bank is operated on the premises of your Philadelphia store for the convenience of your customers and employees; that your company does not own or control stock of, or manage or control, any other bank; that bank stock constitutes a relatively insignificant portion of your company's assets; and that your company was not organized and is not operated for the purpose of managing or controlling banks.

"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 section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, accordingly, your company is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"If, however, your company acquires control over any other bank or if the facts should, at any time, otherwise differ from those set out 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 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:

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"Receipt is acknowledged of Mr. Gidney's letter of December 10, 1935, returning the Board's letter of December 7, 1935, to 'Hackensack Securities Company', Hackensack, New Jersey, which was sent to you with a request that it be forwarded to that company unless you felt that the Board should reconsider its determination that that company is not engaged, directly or indirectly, as a business in holding the stock of or managing or controlling, banks.

"It is noted that the existing facts concerning the bank stock owned by Hackensack Securities Company are somewhat different from those recited in the Board's letter. It is understood that you do not feel that this difference in the facts should affect the Board's determination but that, pursuant to conversations with members of the Board's staff, you have returned the letter in order that the Board may give further consideration to the matter.

"After considering the additional facts contained in Mr. Gidney's letter, the Board has again determined that Hackensack Securities 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 501 of the Banking Act of 1935.

"Inclosed herewith is a letter to Hackensack Securities Company advising it concerning the Board's action. Unless you have some further question concerning the matter, please forward the letter to that company. A copy of the letter is also inclosed for your files. As stated in the Board's letter of December 7, 1935, the Board desires to have you advise it if at any time you believe this matter should again be considered by it."

Approved unanimously, together with a letter to the "Hackensack Securities Company", Hackensack, New Jersey, 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 'Westwood Trust Company, of Westwood, N. J.', Westwood, New Jersey.

"The Board understands that your company owns 1070 of the 2000 outstanding shares of stock of Westwood Trust Company, of Westwood, N. J.; that it owns 138, or 46/100ths of one per cent, of the 30,000 outstanding shares of stock of Peoples Trust Company of Bergen County, Hackensack, New Jersey; that it owns 2565 of the 4000 outstanding shares of Class B Preferred stock



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"of Ridgfield Park Trust Company, such stock constituting approximately 10.69 per cent of the 24,000 outstanding shares of all classes of stock of such bank; and that it does not hold stock of, or 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 bank other than Westwood Trust Company, of Westwood, N. J., 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.

"It is not apparent from the information before the Board whether Crum & Forster and Crum and Forster Insurance Shares Corporation are holding company affiliates of Westwood Trust Company, of Westwood, N. J., by virtue of indirect control of the stock which your company holds of that bank. If such is the case, the stock which your company holds of that bank cannot be voted unless Crum & Forster and Crum and Forster Insurance Shares Corporation obtain voting permits or obtain determinations by the Board that they are not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks. The Board's action with reference to your company does not affect the holding company affiliate status of such organizations."

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

"This refers to your letter of October 9, 1935, and its inclosure, relating to the holding company affiliate status of Farmers Bank of Egypt, Egypt, Pennsylvania.

"Pursuant to the request of that bank, the Board has determined that Farmers Bank of Egypt 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

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"of 1933, as amended by section 301 of the Banking Act of 1935. Accordingly, that bank 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 of advice to Farmers Bank of Egypt which you are requested to transmit to that bank. 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 that this matter should again be considered by it."

Approved unanimously, together with a letter to the Farmers Bank of Egypt, Egypt, Pennsylvania, reading as follows:

"This refers to your bank's request that the Board determine that it 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.

"The Board understands that your bank was organized and is operated for the purpose of conducting a general banking business; that your bank owns 372 of the 500 outstanding shares of stock of Schnecksville State Bank, Schnecksville, Pennsylvania, and 10 shares of the stock of Dime Savings and Trust Company, Allentown, Pennsylvania, (in liquidation); that your bank does not own or control any other bank stock; that bank stock constitutes a relatively small part of the assets of your bank; and that your bank was not organized and is not operated for the purpose of managing or controlling banks.

"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 section 2(c) of the Banking Act of 1933, as amended by section 301 of the Banking Act of 1935, and, accordingly, your bank is not a holding company affiliate for any purposes other than those of section 23A of the Federal Reserve Act.

"If, however, your bank acquires control over any bank other than Schnecksville State Bank or if the facts should, at any time, otherwise differ from those set out 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

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"its determination. The Board reserves the right to make further determination of this matter at any time on the basis of the then existing facts."

Telegram to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Retel December 16 relating to ANCILDALE telegrams dated December 9 regarding TRUSTEES UNDER TRUST AGREEMENT WITH REFERENCE TO STOCK OF THE FIRST NATIONAL BANK OF LOUISVILLE, KENTUCKY AND OTHER CORPORATIONS, DATED JULY 1, 1925, and regarding The First National Bank of Louisville. It appears that Madison-Southern National Bank & Trust Company holds all of the stock of J. W. Zaring Grain & Mill Company as trustee to secure the payment of all of the obligations of Allen H. Zaring. On the basis of these facts, Board is of opinion that such corporation is an affiliate of such bank. Accordingly, no change is authorized in Ancildale telegrams of December 9. It appears that Comptroller's office may have advised Mr. Mann that under terms of recent waiver Madison-Southern National Bank & Trust Company is not required to file report of J. W. Zaring Grain & Mill Company. However, such waiver does not affect question of whether the corporation is an affiliate within meaning of section 2(b) of the Banking Act of 1933."

Approved unanimously.

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

"Retel December 18 relating to Board's telegrams of December 17 authorizing issuance of general voting permits to Transamerica Corporation and Inter-America Corporation. Board understands that Transamerica Corporation owns all of the stock of Inter-America Corporation and Transamerica General Holding Company; that Inter-America Corporation owns substantially all of the stock of Bank of America National Trust and Savings Association; that Transamerica General Holding Company owns all of the stock of California Lands, Inc. and Capital Company. On this basis, upon the execution of the prescribed agreements by Transamerica Corporation and Inter-America Corporation, such corporations will be required, under the provisions of paragraph numbered 6 of such agreements, to take all necessary action within their power to prevent Bank of America National



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"Trust and Savings Association from thereafter making any loans or extensions of credit to California Lands, Inc. or Capital Company 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."

Approved unanimously.

Letter to the Secretary of the Treasury of the United States, reading as follows:

"In compliance with the suggestion contained in your letter of December 13 with respect to the discontinuance of the issuance by the Federal Reserve banks of Federal Reserve notes of the 1928 series which bear on their face the words 'Redeemable in gold', as soon as a sufficient stock of Federal Reserve notes of the 1934 series is available to meet current requirements of the respective banks, your letter was referred to the Governors at their conference in Washington on Wednesday of this week. After discussing this matter the Governors advised the Board that they are in accord with the procedure set forth in your letter, with the understanding that, if Congress does not at the forthcoming session authorize the Treasury to replace the stock of new Federal Reserve notes of the 1928 series with notes of the 1934 series, the question as to whether the Federal Reserve banks should resume paying out notes of the 1928 series will be given consideration promptly after the adjournment of Congress.

"It is understood, of course, the acquiescence of the Board and the Federal Reserve banks at this time in the program outlined in your letter will not in any way prejudice the right of the Federal Reserve banks to resume the paying out of the existing stock of notes of the 1928 series in case the Treasury Department is not authorized to replace this stock with notes of the 1934 series."

Approved unanimously.

Letter to Mr. William T. Arnos, Attorney-at-Law, Cleveland, Ohio, reading as follows:

"Receipt is acknowledged of your letter of December 11, 1935, requesting the certification of certain documents among the records of the Board of Governors of the Federal Reserve System.

"The document in the Board's files entitled 'Transcript of Stenographic Minutes of Conference with the Federal Reserve

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"Board of the Federal Advisory Council and the Class A Directors of the Federal Reserve Banks Held at Washington, D. C., May 18, 1920', is out of print, and additional copies are not available for distribution. However, it will be possible to furnish you with a certified typewritten copy of this document if you are willing to bear the expense, estimated at approximately \$25, which will be involved in the preparation of such a copy. Please advise as to your wishes in this matter.

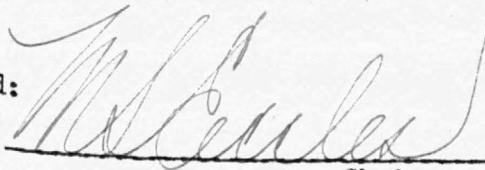
"In accordance with your request, there is inclosed herewith a certified identical copy of a document among the Board's records entitled 'Federal Reserve Board Charts on Bank Credit, Money Rates, and Business Activity', which was prepared by the Board's Division of Research and Statistics, at the request of Senator Fletcher, for the use of the Senate Banking and Currency Committee in connection with the hearings on the bill which was subsequently enacted as the Banking Act of 1935. Inasmuch as the preparation of this document involved considerable expense, it will be necessary to make a charge of \$5 therefor. It will be appreciated if you will remit by check made payable to the Board of Governors of the Federal Reserve System.


"It will be noted that the inclosed certificate bears the seal containing the inscription 'Federal Reserve Board', while the certificate itself contains references to the 'Board of Governors of the Federal Reserve System'. The name of the Federal Reserve Board was changed to the Board of Governors of the Federal Reserve System by the provisions of section 203(a) of the Banking Act of 1935, approved August 23, 1935. However, until the adoption of a new seal, the Board will continue to use the old seal as its official seal."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

  
Chairman.

  
Secretary.