

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, July 3, 1945, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Szymczak  
Mr. McKee  
Mr. Draper  
Mr. Evans

Mr. Carpenter, Secretary  
Mr. Connell, General Assistant,  
Secretary's Office  
Mr. Morrill, Special Adviser to the  
Board  
Mr. Thurston, Assistant to the Chairman  
Mr. Parry, Director of the Division of  
Security Loans  
Mr. Thomas, Director of the Division of  
Research and Statistics  
Mr. Vest, General Attorney  
Mr. Brown, Assistant Director of the  
Division of Security Loans

Chairman Eccles referred to the understanding reached at the meeting of the Board on June 29, 1945, with respect to a change in the margin requirements prescribed under Regulations T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges, and U, Loans by Banks for the Purpose of Purchasing or Carrying Stocks Registered on a National Securities Exchange, and in that connection made substantially the following report:

Yesterday I talked to Messrs. Davis, Director of Economic Stabilization, and Vinson, Director of War Mobilization and Reconversion. I told Mr. Davis that the Board was prepared to make a substantial increase in margin requirements at a very early date. He said that he had no objection at all, that he had been in favor of such action being taken before, and that it would in no way conflict with his recommendations to the President. He felt that the sooner action was taken the better it would

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be, as it would lay the rumors that had been floating around the market as to possible action by the Board. I said to Mr. Davis that I was not calling to ask for his recommendation or approval but to advise that we would take action in the absence of objection, since, while he had a direct interest in the matter, the responsibility for action was with the Board. He responded that he appreciated my calling. I said that I would get in touch with Mr. Vinson, and he said, "Okay."

I was not able to reach Mr. Vinson until last evening when, in response to my call, he called back. I told him what the Board had in mind and he asked when we expected to take action. I said that we expected to act today because the 4th was a holiday. He said that he had no objection. He was not concerned about the proposed action of the Board interfering with Mr. Davis' plan, and I told him what Mr. Davis had said.

He said he had received my letter about the program which Mr. Davis proposed be submitted to the President and that he had read it but that he had not had much time to study it. I told him that I hoped he would study it. He said he had not presented the program to the President, and I told him that all I wanted to make certain was that my memorandum, which was short considering the importance of the subject covered, was presented to the President inasmuch as the procedure agreed upon by Messrs. Davis and Vinson would not give me an opportunity to discuss the matter with the President, and, since the Board had primary responsibility, we felt it was important that the President understand that the program as presented was not agreeable to the Board. I said that I was in favor of a program but not as presented by Mr. Davis. He promised me that he would see that the President received my memorandum. He said he had not talked to Mr. Davis about my letter and asked if I had sent a copy to him, and I told him that I had and that I had stated in the letter to Mr. Davis that I was sending a copy to Mr. Vinson.

With respect to the proposed action by the Board on margin requirements, I asked Mr. Vinson if he thought that it was a matter that should be reported to the President. He replied that he did not know that it would be important

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enough for that. I said, don't you think it might be well for him to know in advance rather than to see it in the newspapers? He said that he had no objection and that if I would send him a memorandum he would see that the President received it. I asked him whether there would be any objection on his part to my calling Mr. Connelly of the White House on the telephone and telling him, and he replied, "Okay." I called Mr. Connelly this morning, and this is what I said: "Board planning to increase margin on stocks effective Thursday morning. Have advised Messrs. Davis and Vinson, and they have no objection." I asked Mr. Connelly if he would pass that on to the President. He responded that he would be glad to do it. Within 15 minutes Miss Barrows, secretary to Mr. Connelly, called my secretary and requested her to advise me that Mr. Connelly had spoken to the President and that the President's reply was "No objection."

Mr. Draper stated that in all the circumstances, including the statement just made by Chairman Eccles, it would be his suggestion that the Board adopt the following amendments to Regulations T and U, effective as of the dates stated in the amendments:

"AMENDMENT NO. 4 TO REGULATION T

"ISSUED BY THE  
BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

"Regulation T is hereby amended in the following respects, the changes in the supplement to the Regulation and the new section 4(g) to become effective July 5, 1945, and the other changes to become effective July 16, 1945.

"1. Section 3(b) is amended so that the second paragraph will read as follows:

"If a creditor effects for or with any customer any transactions consisting of purchases of securities in a general account, other than purchases of exempted securities or purchases to reduce or close out short positions, the creditor must obtain a deposit as specified in the previous paragraph at least as large as would be required

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"by that paragraph if such purchases were the only transactions in the account on that day (except that such deposit need be no larger than that which would be sufficient to eliminate any excess of the adjusted debit balance over the maximum loan value of the securities in the account). No withdrawal of cash or registered or exempted securities shall be permissible if the account, after such withdrawal, would have an adjusted debit balance exceeding the maximum loan value of the securities in the account, except that exempted securities may be withdrawn upon the deposit in the account of exempted securities having maximum loan value equal to or in excess of the maximum loan value of the exempted securities withdrawn or upon the deposit of cash equal to or in excess of such maximum loan value.

"2. Section 3(d) is amended so that the last paragraph will read as follows:

"In case the general account is the account of a partner of the creditor or the account of a joint adventure in which the creditor participates, the adjusted debit balance shall be computed according to the foregoing rule and the supplementary rules prescribed in sections 6(a) and 6(b).

"3. Section 4(b) is amended to read as follows:

"(b) Special Omnibus Account. - In a special omnibus account, a member of a national securities exchange may effect and finance transactions for a broker or dealer from whom the member accepts in good faith a signed statement to the effect that he is subject to the provisions of this regulation (or that he does not extend or maintain credit to or for customers except in accordance therewith as if he were subject thereto) and from whom the member receives (1) written notice, pursuant to a rule of the Securities and Exchange Commission concerning the hypothecation of customers' securities by brokers or dealers (Rule X-8C-1 or Rule X-15C2-1), to the effect that all securities carried in the account will be carried for the account of the customers of the broker or dealer and (2) written notice that any short sales effected in the account will be short sales made in behalf of the customers of the broker or dealer other than his partners.

"4. Section 4(c) is amended by striking out both provisos in paragraph (5) and by adding the following new paragraph (8):

"(8) Unless funds sufficient for the purpose are already in the account, no security other than an exempted security shall be purchased for, or sold to, any customer in a special cash account with the creditor if any security other than an exempted security has been purchased by such

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"customer in such an account during the preceding 90 days, and then, for any reason whatever, without having been previously paid for in full by the customer, the security has been sold in the account or delivered out to any broker or dealer: Provided, that an appropriate committee of a national securities exchange or a national securities association, on application of the creditor, may authorize the creditor to disregard for the purposes of this section 4(c)(8) any given instance of the type therein described if the committee is satisfied that both creditor and customer are acting in good faith and that circumstances warrant such authorization.

"5. Section 4(c)(6) is amended by inserting the words 'or a national securities association' following the words 'a national securities exchange'.

"6. Section 4 is amended by adding the following new subsection (g):

"(g) Specialist's Account. - In a special account designated as a specialist's account, a creditor may effect and finance, for any member of a national securities exchange who is registered and acts as a specialist in securities on the exchange, such member's transactions as a specialist in such securities, or effect and finance, for any joint adventure in which the creditor participates, any transactions in any securities of an issue with respect to which all participants, or all participants other than the creditor, are registered and act on a national securities exchange as specialists; and such specialist's account shall be subject to all the conditions to which it would be subject if it were a general account except that --

(1) At any time when the Board in the supplement to this regulation shall have prescribed for specialists' accounts a special maximum loan value or special margin for short sales, the maximum loan value of a registered security (other than an exempted security) having loan value in such specialist's account shall be such special maximum loan value, and the amount to be included in the adjusted debit balance of such account as the margin required for short sales shall be such special margin for short sales.

(2) A specialist's account shall not be subject to the restrictions specified in the second paragraph of section 3(b) but a transaction consisting of a withdrawal of cash or registered or exempted securities from the account

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"shall be permissible only on condition that the transactions (including such withdrawal) on the day of such withdrawal would not create an excess of the adjusted debit balance of the account over the maximum loan value of the securities in the account or increase any such excess.

"7. Section 6(c) is amended to read as follows:

"(c) No guarantee of a customer's account shall be given any effect for purposes of this regulation.

"8. The supplement is amended to read as follows:

"Maximum Loan Value for General Accounts. - The maximum loan value of a registered security (other than an exempted security) in a general account, subject to section 3 of Regulation T, shall be 25 per cent of its current market value.

"Maximum Loan Value for Specialists' Accounts. - The maximum loan value of a registered security (other than an exempted security) in a specialist's account, subject to section 4(g) of Regulation T, shall be 50 per cent of its current market value.

"Margin Required for Short Sales in General Accounts. - The amount to be included in the adjusted debit balance of a general account, pursuant to section 3(d)(3) of Regulation T, as margin required for short sales of securities (other than exempted securities) shall be 75 per cent of the current market value of each such security.

"Margin Required for Short Sales in Specialists' Accounts. - The amount to be included in the adjusted debit balance of a specialist's account, subject to section 4(g) of Regulation T, as margin required for short sales of securities (other than exempted securities) shall be 50 per cent of the current market value of each such security."

"AMENDMENT NO. 5 TO REGULATION U

"ISSUED BY THE  
BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

"Regulation U is hereby amended in the following respects, the changes in the supplement to the Regulation and the new section 3(o) to become effective July 5, 1945, and the other changes to become effective July 16, 1945.

"1. Section 1 is amended so that the third paragraph will read as follows:

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"While a bank maintains any such loan, whenever made, the bank shall not at any time permit any withdrawal or substitution of collateral if, after such withdrawal or substitution, the loan exceeds the maximum loan value of the collateral, unless:

(1) In the case of a withdrawal, the loan is reduced by an amount equal to the current market value of the collateral withdrawn; or

(2) In the case of a substitution, the loan is reduced by an amount equal to any excess of the current market value of the collateral withdrawn over the maximum loan value of the collateral deposited.

If the maximum loan value of the collateral has become less than the amount of the loan, such amount may nevertheless be increased if there is provided additional collateral having maximum loan value at least equal to the amount of the increase.

"2. Section 2(b) is amended so that it will read as follows:

"(b) Any loan made prior to July 16, 1945, to any person whose total indebtedness to the bank at the date of and including such loan does not exceed \$1,000.

"3. Section 2 is amended by deleting subsection (e) and substituting in lieu thereof the following new subsection (e):

"(e) Any loan to a broker or dealer secured by any securities which, according to written notice received by the bank from the broker or dealer pursuant to a rule of the Securities and Exchange Commission concerning the hypothecation of customers' securities (Rule X-8C-1 or Rule X-15C2-1), are securities carried for the account of one or more customers, provided the bank accepts in good faith from the broker or dealer a signed statement to the effect that he is subject to the provisions of Regulation T (or that he does not extend or maintain credit to or for customers except in accordance therewith as if he were subject thereto).

"4. Section 3 is amended by deleting subsection (o) and substituting in lieu thereof the following new subsection (o):

"(o) A loan to a member of a national securities exchange who is registered and acts as a specialist in securities on the exchange for the purpose of financing such member's transactions as a specialist in such securities shall not be subject to the provisions of the third paragraph of section 1, but the bank shall not at any time

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"permit withdrawals or substitutions of collateral for such a loan that would create or increase a deficiency in the maximum loan value of the collateral below the amount of the loan, nor shall the bank increase the amount of a loan if the collateral is deficient unless additional collateral is provided having maximum loan value at least equal to the amount of the increase.

"5. The supplement to Regulation U is amended so that it will read as follows:

"For the purpose of section 1 of Regulation U, the maximum loan value of any stock, whether or not registered on a national securities exchange, shall be 25 per cent of its current market value, as determined by any reasonable method.

"Loans to Specialists. - Notwithstanding the foregoing, a stock, if registered on a national securities exchange, shall have a maximum loan value of 50 per cent of its current market value, as determined by any reasonable method, in the case of a loan to a member of a national securities exchange who is registered and acts as a specialist in securities on the exchange for the purpose of financing such member's transactions as a specialist in securities."

Following an explanatory statement by Mr. Parry of the changes that would be made by the proposed amendments, Mr. McKee referred to the proposed change in section 2(b) of Regulation U, which would discontinue the exemption, provided in the Regulation from the beginning, of any loan made by a bank for the purpose of purchasing stocks to any person whose total indebtedness to the bank did not exceed \$1,000, and expressed the opinion that for the reasons which prompted the exemption originally it should not be discontinued at this time.

Mr. Parry stated that the change had been suggested for the reasons that, (1) to continue the exemption would be inconsistent with the purpose of the proposed amendments and the general policy of the

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Board at the present time of dampening the demand for securities, (2) the exemption made it unnecessary, for the purposes of Regulation U, for the lending bank to ascertain the use to which the proceeds of a loan of less than \$1,000 would be put, but, inasmuch as it was now necessary to ascertain such use for the purpose of Regulation W, there was no reason why a similar requirement should not be contained in Regulation U, and (3) the New York Stock Exchange had a rule which forbids a margin account of \$1,000 or less with an equity smaller than the amount of the account, and, if the Board continued the exemption in Regulation U, it would be encouraging trading in small amounts at a time when the stock exchanges were frowning on such transactions.

Mr. McKee's response was that the elimination of the exemption would make it impossible for people of small means to acquire a stock interest in the concerns for which they worked, that it was believed that such an exemption had been helpful in the past, that, inasmuch as it was to be expected that the lending bank would require that such a loan measure up to good credit standards, there should not be an abuse of the exemption to the extent of running counter to the policy of the Board of combating inflation, and that, therefore, he would be opposed to the suggested change in the Regulation.

Other members of the Board indicated the feeling that the sale by companies of their own stock to employees had been abused in numerous instances in the past and might be abused again, and that

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under present conditions, when it was desirable to limit the demand for securities as much as possible as a part of the fight against inflation, the proposed change in Regulation U should be made.

Mr. McKee inquired whether, if the New York Stock Exchange should abolish floor trading, there would be any need for changes in Regulations T and U to include the so-called "turn-over limitation" which would require that whenever a security was sold from an undermargined account the proceeds of the sale would be used to the extent necessary to increase the margin on the remaining securities in the account to the currently required level. This point was discussed, and it was the general consensus that the in-and-out trading of the floor traders is only a small part of the total in-and-out trading, and that, therefore, the limitation would be desirable as a step in the direction of further tightening the Regulations, regardless of the possible abolition of floor trading on the exchanges.

At the conclusion of the discussion, Mr. Draper made the following motions, which were put by the chair in the order stated and carried, the members of the Board voting as shown following each of the motions:

(1) That the proposed sections 4(g) of Regulation T and 3(o) of Regulation U relating to specialists' accounts and the proposed amended supplements to the Regulations be adopted, effective July 5, 1945.

Approved, Mr. McKee voting "no."

(2) That the proposed amendments to section 3(b) of Regulation T and section 1 of Regulation U, containing the so-called "turn-over limitation," be adopted, effective July 16, 1945.

Approved unanimously.

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(3) That the proposed amendment to section 2(b) of Regulation U, which would eliminate from the Regulation the exemption of loans of not to exceed \$1,000, be adopted, effective July 16, 1945.

Approved, Mr. McKee voting "no."

(4) That the remaining provisions of the proposed amendments, as set forth above, be adopted, effective July 16, 1945.

Approved unanimously.

There was then presented a draft of a proposed press release with respect to the two amendments, and during the ensuing discussion the statement was changed to read as follows:

"The Board of Governors of the Federal Reserve System today adopted amendments to its Regulations T and U increasing margin requirements from 50 per cent to 75 per cent, effective July 5, 1945, for credit extended by brokers and banks to finance purchases of stock exchange securities. The increased margins also apply to short sales.

"The amendments include, in addition, technical changes in the regulations, effective July 16, 1945, to simplify and strengthen the supporting rules. A new provision in Regulation T requires that the proceeds of sales of securities in accounts that are undermargined under the new requirements shall be used to the extent necessary to increase the margin on the remaining securities in the account until they are on a 75 per cent basis. The same rule is applied to loans by a new provision of Regulation U. Except to this extent, neither regulation requires that existing accounts or loans be brought up to the 75 per cent level. Neither Regulation T nor Regulation U is applicable to loans for purposes other than purchasing, carrying or trading in securities.

"The text of the amendments is as follows: \*\*\*\*"

Mr. Draper moved that approval be given to the statement in the form set forth above.

This motion was put by the chair and carried, Mr. McKee "not voting."

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It was understood that the text of the amendments and the press statement would be sent to the Federal Reserve Banks by wire this afternoon with the request that they have the amendments printed and distributed to interested persons in their respective districts.

In response to a comment by Chairman Eccles that the Securities and Exchange Commission should be advised of the Board's action, Mr. Brown stated that he would have occasion to talk this afternoon on the telephone with Mr. Walter C. Louchheim, Jr., Assistant Director of the Trading and Exchange Division of the Securities Exchange Commission, and that he could inform Mr. Louchheim of the Board's action at that time. Upon Chairman Eccles' request, it was understood that Mr. Brown would ask Mr. Louchheim to report the action to Mr. Purcell, Chairman of the Securities Exchange Commission, immediately.

At this point Messrs. Thomas, Parry, Brown, and Vest withdrew from the meeting.

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on July 2, 1945, were approved unanimously.

Memorandum dated July 3, 1945, from Mr. Bethea, Director of the Division of Administrative Services, submitting the resignation of Mrs. Evelyn Loveless, a cafeteria helper in that Division, effective as of the close of business June 30, 1945, and recommending that the resignation be accepted as of that date. The memorandum

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stated that Mrs. Loveless had made proper reimbursement for her overdrawn annual leave of 4 hours and overdrawn sick leave of 1 day, 3 hours, and 30 minutes.

The resignation was accepted as recommended.

Mr. Carpenter reported that the Comptroller of the Currency today issued a call on all national banks for reports of condition as of the close of business June 30, 1945, and that, in accordance with the usual practice, a call was made today on behalf of the Board of Governors of the Federal Reserve System on all State member banks for reports of condition as of the same date.

The call made on behalf of the Board was approved unanimously.

Memorandum dated June 30, 1945, from Mr. Paulger, Director of the Division of Examinations, submitting drafts of letters to the following foreign banking corporations calling for the submission of reports of condition as of June 30, 1945:

Morgan & Cie. Incorporated	New York, N. Y.
International Banking Corporation	New York, N. Y.
Bankers Company of New York	New York, N. Y.
French American Banking Corporation	New York, N. Y.
First of Boston International Corporation	Boston, Massachusetts
The Chase Bank	New York, N. Y.

The first five corporations operate under agreements made with the Board pursuant to the provisions of Section 25 of the Federal Reserve Act while The Chase Bank was chartered by the Board under the provisions of Section 25(a) of the Act.

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The six letters were approved unanimously.

Letter to Mr. Day, President of the Federal Reserve Bank of San Francisco, reading as follows:

"Attached herewith for your information is a copy of a proposed letter from the Secretary of the Treasury to the Speaker of the House of Representatives and of a Joint Resolution authorizing the making of settlement on account of certain currency destroyed at Fort Mills, Philippine Islands, and for other purposes.

"You will note that of the currency destroyed, \$603,158 was unidentified as to class of currency and, of this amount, \$25,850 reported as Federal Reserve Bank notes are believed to be Federal Reserve notes, the distribution of which by bank of issue is known, also that of the remaining \$288,920 believed to be Federal Reserve notes the distribution by bank of issue is unknown, but that it is proposed to charge a total of \$307,900 to the redemption fund of the Federal Reserve Bank of San Francisco. At the time these notes are charged to the redemption fund your Bank will, of course, be advised as to the amounts, by denominations.

"Unless your Bank sees any objection thereto, the Board presumably will advise the Under Secretary of the Treasury that it concurs in the proposed plan for adjustment in the currency accounts in so far as they relate to the amounts and denominations of Federal Reserve notes to be charged to the redemption funds of the various Federal Reserve Banks."

Approved unanimously.

Letter to Congressman John E. Rankin, Chairman of the Committee on World War Veterans' Legislation, reading as follows:

"The Board of Governors understands that your Committee has under consideration certain proposals relating to loans made by banks and guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, and also relating to loans to servicemen and others made by Federal Savings and Loan Associations.

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"One of these proposals, which is similar to that in section 503(c) of H. R. 3536, provides that all national banks wherever located and all other banks and trust companies located in the District of Columbia and other Territories and possessions of the United States, 'without regard to the limitations and restrictions of any other statute,' are authorized to make any loans guaranteed under the provisions of the Servicemen's Readjustment Act of 1944. This proposal is similar to, but somewhat broader than, that contained in the bill S. 795. The Board of Governors has made a report to the Committee on Finance of the Senate stating that it favors the objectives of that bill. That report pointed out that the purpose of S. 795 was to relieve national banks, in making servicemen's guaranteed loans, from the limitations and restrictions of section 24 of the Federal Reserve Act with respect to the ratio of such loans to the appraised value of the property and with respect to the maturity of such loans, because the Administrator of Veterans' Affairs may guarantee real estate loans which are to be amortized over a longer period and which are for a larger percentage of the appraised value of the property than is permissible for real estate loans made by national banks which are guaranteed by the Administrator. This means that national banks cannot compete with the many State banks and other financing institutions that are not subject to such restrictions in the making of loans guaranteed by the Administrator. S. 795 would eliminate this competitive disadvantage.

"However, there are other restrictions in section 24 of the Federal Reserve Act beside the restrictions on maturity and ratio to appraised value. For example, loans must be on improved real estate, must be secured by a first lien on the property, and total real estate loans must not exceed a certain percentage of the capital and surplus of the national bank. The Board does not believe that these restrictions should be removed, as would be done by section 503(c) of H.R. 3536. A copy of the Board's letter to the Chairman of the Senate Finance Committee regarding S. 795 is enclosed herewith, and attention is invited to the suggestion that the legislation should be in the form of an amendment to section 24 of the Federal Reserve Act.

"The other proposal, or group of proposals, is illustrated by sections 503(d) and 503(e) of H.R. 3536. The former would amend subsection (c) of section 5 of Home

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"Owners' Loan Act of 1933, as amended, so as to authorize Federal Savings and Loan Associations to make, in addition to the loans which they are now authorized to make, (1) loans to veterans of World War II guaranteed under the Servicemen's Readjustment Act of 1944 even if unsecured or secured by junior liens, (2) property improvement loans to such veterans 'or others' insured 'or insurable' under Title I of the National Housing Act, and (3) other secured or unsecured loans for property alteration, repair, improvement, or home equipment. The other section would authorize Federal Home Loan Banks to make advances to their member associations upon the security of notes evidencing such loans. The language used in these sections is broad and it may be that the above statement is not an accurate interpretation of the proposal which is being considered by your Committee. However, if it is, the Board feels that the following comments are in order.

"Federal Savings and Loan Associations are intended to be local mutual thrift institutions in which people may invest their funds to provide for the financing of homes, and the conditions under which they operate are established by Congress in the Home Owners' Loan Act of 1933. The proposal would substantially modify these conditions. It would permit the associations to make loans secured by junior liens whereas they are now permitted to lend their funds only on the security of first liens (aside from loans on their shares); it would encourage the making of unsecured loans for certain purposes whereas unsecured loans are now prohibited; and it would permit the associations to make loans for business and farm purposes without regard for the present restriction which limits such loans to 15 per cent of assets. The making of loans secured by junior liens would also be a reversal of the policy of Federal legislation and administration for the past 15 years discouraging such junior financing. The Board feels that this policy should not be reversed but should be continued. Changes of this general nature have been proposed on several occasions in recent years and have received the attention of the Banking and Currency Committees of both Houses of Congress. Extensive hearings have been held, but the proposals have not been enacted. The Board respectfully suggests that in the circumstances the proposed changes should not be made.

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"It was the Board's feeling that the two matters referred to above were of sufficient importance to be placed before your Committee as promptly as possible, and, therefore, it has not undertaken at this time to analyze or comment upon any of the other provisions of H.R. 3536 or any of the other proposals which may be before your Committee."

Approved unanimously, with the understanding that a copy of the letter would be sent to the Chairman of the House Committee on Banking and Currency.

Memorandum dated July 2, 1945, from Mr. Hooff, Attorney, recommending that there be published in the July issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Reserves of Member Banks  
Amendment to Regulation D

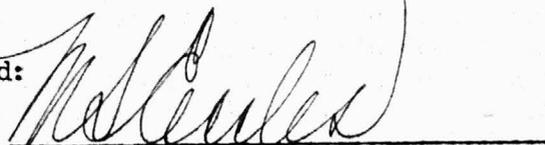
Suit Regarding Removal of Bank Directors

Approved unanimously.

Thereupon the meeting adjourned.

  
Secretary.

Approved:

  
Chairman.