

Violations

TRANSFER

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TELEGRAM
BOARD OF GOVERNORS
 OF THE
FEDERAL RESERVE SYSTEM
 LEASED WIRE SERVICE
 WASHINGTON

11 32 4
 DEC 19 1936

Fletcher
 Cleveland

Your wire December 17 inquiring whether it is contemplated that you analyze reports and other available information to ascertain apparent violations of section 17(c) of Public Utility Act of 1935. Securities and Exchange Commission is charged with administration of this section, and statement regarding it in footnote 1 in Board's Regulation L was inserted merely as a helpful reminder to bankers. Therefore answer to your inquiry is in the negative.

(Signed) L. P. BETHEA

Bethea

GHC:hvd

GENERAL COUNSEL'S OFFICE

Dictated by.....

Approved by.....

Revised by.....

DEC 19 1936

FOR APPROVAL

First of Mr. Szymczak

Mr. Broderick.....

Mr. Szymczak.....

Mr. McKee.....

Mr. Davis.....

Mr. Ransom.....

Mr. Clayton.....

If you approve, please
 initial and return to
 Mrs. Fitzgerald

FILE COPY

DEC 22 1936

113. 4

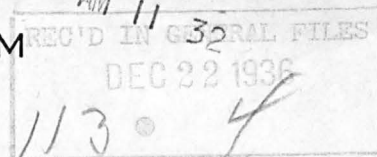
For ready reference, the statement in footnote 1 of Regulation L referred to in the attached telegram is as follows:

"Section 17 (c) of the Public Utility Act of 1935 is applicable in certain circumstances to interlocking relationships between banks and public utility companies and public utility holding companies. Inquiries regarding this section should be addressed to the Securities and Exchange Commission and not to the Board of Governors of the Federal Reserve System."

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

LEASED WIRE SERVICE
WASHINGTON

RECEIVED AT WASHINGTON, D. C.



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Board

Washn

Is it contemplated by Board's letter of April 18, 1936 (X-9554)
that we analyze reports and other available information to ascertain
apparent violations of section 17 (C) of "Public Utility Act of 1935"

Fletcher

1134a

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OFFICE OF GENERAL COUNSEL

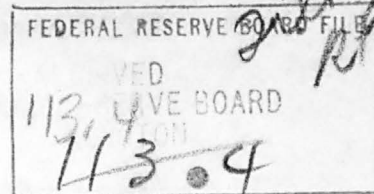
DEC 17 1936

12:45 P.M.
NUMBER 5

see ans. 12/19/36

Mr. Hoover
Mr. Clegg
Mr. Glavin

FEDERAL RESERVE BANK
OF NEW YORK



APR 23 AM 9 01

April 22, 1936.

Subject: Reports by Comptroller of the
Currency of Violations of Clayton
Act and Section 32 of the Banking
Act of 1933

S i r s :

I acknowledge receipt of the Board's letter of April 18, 1936 (X-9554), in which the Board states that instructions have been issued in the office of the Comptroller of the Currency that it is no longer necessary to report to the Board apparent violations of Section 8 of the Clayton Act, as amended, which may be noted in reports of examination of national banks, apparently because the provisions of Section 4 of Regulation L, as revised, provide, in part, that each Federal reserve agent shall cause the information contained in such reports to be analyzed with a view to discovering apparent violations of the Act.

The Board further states that it is understood that the same procedure will be followed in the office of the Comptroller with respect to apparent violations of the provisions of Section 32 of the Banking Act of 1933, as amended, on the assumption that the Federal reserve agents will take steps, in connection with that section, similar to those prescribed in Regulation L in connection with the Clayton Act. The Board concludes by stating that it is assumed that such steps are being taken by this office in connection with Section 32 and, therefore, that it has not suggested the advisabil-

OFFICE OF GENERAL COUNSEL

APR 23 1936

NUMBER

4/22/36.

ity of any modifications in the procedure adopted in the office of the Comptroller with respect to these two statutory provisions.

In view of the fact that the information contained in reports of examination of member banks continues to be analyzed with a view to discovering apparent violations of both the Clayton Act and Section 32 of the Banking Act of 1933, I see no reason for any modification in the procedure adopted in the office of the Comptroller of the Currency with respect to these two statutory provisions.

Respectfully,



J. H. CASE,
Federal Reserve Agent

Board of Governors of the Federal Reserve System,
Washington, D. C.



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

FEDERAL RESERVE BOARD FILE
113.4
113.4
X-9554

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

April 18, 1936.

SUBJECT: Reports by Comptroller of Violations
of Clayton Act and Section 32 of the
Banking Act of 1933.

Copied

Dear Sir:

Heretofore it has been the practice of the office of the Comptroller of the Currency to report to the Board apparent violations of section 8 of the Clayton Act which were noted in reports of examination of national banks. Recently, however, instructions have been issued in his office that it is no longer necessary to report such apparent violations to the Board. Apparently these instructions were issued in view of the provisions of section 4 of Regulation L, as revised, which provides among other things that each Federal reserve agent shall cause the information contained in reports of examination of member banks and other information available to him to be analyzed with a view to discovering apparent violations of that Act.

It is understood that the same procedure will be followed in the office of the Comptroller with respect to apparent violations of section 32 of the Banking Act of 1933, on the assumption that the Federal reserve agents will take steps, in connection with that

section, similar to those prescribed in Regulation L in connection with the Clayton Act.

It is assumed, of course, that such steps are being taken by your office in connection with section 32, and therefore the Board has not suggested the advisability of any modifications in the procedure adopted in the office of the Comptroller with respect to these two statutory provisions.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'L. P. Bethea', with a long horizontal flourish extending to the right.

L. P. Bethea,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS

X-9554

April 18, 1936.

SUBJECT: Reports by Comptroller of violations of Clayton Act and section 32 of the Banking Act of 1933.

Dear Sir:

Heretofore it has been the practice of the office of the Comptroller of the Currency to report to the Board apparent violations of section 8 of the Clayton Act which were noted in reports of examination of national banks. Recently, however, instructions have been issued in his office that it is no longer necessary to report such apparent violations to the Board. Apparently these instructions were issued in view of the provisions of section 4 of Regulation L, as revised, which provides among other things that each Federal Reserve agent shall cause the information contained in reports of examination of member banks and other information available to him to be analyzed with a view to discovering apparent violations of that Act.

It is understood that the same procedure will be followed in the office of the Comptroller with respect to apparent violations of section 32 of the Banking Act of 1933, on the assumption that the Federal Reserve agents will take steps, in connection with that

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section, similar to those prescribed in Regulation L in connection with the Clayton Act.

It is assumed, of course, that such steps are being taken by your office in connection with section 32, and therefore the Board has not suggested the advisability of any modifications in the procedure adopted in the office of the Comptroller with respect to these two statutory provisions.

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS

GHC:hlc

GENERAL COUNSEL'S OFFICE,

Dictated by... *[Signature]*

Approved by... *[Signature]*

Revised by.....

ARC
[Signature] *[Signature]*

Appd See

APR 18 1936

RC

FOR APPROVAL

First of Mr. *Ransom*
(*absence of Mr. Morrison*)

Mr. Broderick *[Signature]*

Mr. Szymczak *[Signature]*

Mr. McKee *[Signature]*

Mr. Ransom *[Signature]*

Mr. Morrison *[Signature]*

Mr. Clayton *[Signature]*

If you approve, please
initial and return to
Mrs. Fitzgerald

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

APR 18 1936

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

SUBJECT: Reports by Comptroller of violations of Clayton Act and section 32 of the Banking Act of 1933.

Dear Sir:

Heretofore it has been the practice of the office of the Comptroller of the Currency to report to the Board apparent violations of section 8 of the Clayton Act which were noted in reports of examination of national banks. Recently, however, instructions have been issued in his office that it is no longer necessary to report such apparent violations to the Board. Apparently these instructions were issued in view of the provisions of section 4 of Regulation L, as revised, which provides among other things that each Federal Reserve agent shall cause the information contained in reports of examination of member banks and other information available to him to be analyzed with a view to discovering apparent violations of that Act.

It is understood that the same procedure will be followed in the office of the Comptroller with respect to apparent violations of section 32 of the Banking Act of 1933, on the assumption that the Federal Reserve agents will take steps, in connection with that

section, similar to those prescribed in Regulation L in connection with the Clayton Act.

It is assumed, of course, that such steps are being taken by your office in connection with section 32, and therefore the Board has not suggested the advisability of any modifications in the procedure adopted in the office of the Comptroller with respect to these two statutory provisions.

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS

113.4
113.4
Date April 3, 1936.

Office Correspondence

To Files

From Mr. Chase, Assistant Counsel.

Subject: Reports by Comptroller of violations of Clayton Act and section 32 of the Banking Act of 1933.

GPO 16-852

Corded

Under date of January 28, 1936, Mr. Awalt issued instructions in the Comptroller's office that apparent violations of the Clayton Act noted in the reports of examination need not be reported to the Board, since the Federal Reserve agents received copies of the reports of examination and were charged with following up apparent violations of the Clayton Act. Mr. Hodgson, Assistant Chief National Bank Examiner, read the instructions to me, and also told me that he personally had not been reporting such apparent violations to the Board for several years, since he understood that the Federal Reserve agents were following them up.

Mr. Yatemman, Assistant Chief, Examining Division, advised me that for similar reasons the Comptroller's office would in the future not report apparent violations of section 32 of the Banking Act of 1933 which were noted in reports of examination. He said that a memorandum to this effect would probably be issued to the few persons in the Comptroller's office who would be interested. He did not feel that there was any hurry about it, however, since there had been so few of such cases recently (only one since the first of the year).

A letter to the Federal Reserve agents advising them of this procedure has been prepared.

frc
G. H. C.

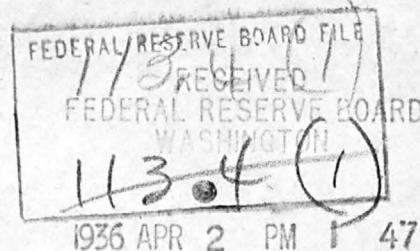
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FEDERAL RESERVE BANK
OF BOSTON



April 1, 1936

Board of Governors of the
Federal Reserve System
Washington, D. C.

Gentlemen:

Reference is made to your letter of March 20, 1936 in regard to the service of Mr. H. J. Sheldon, a director of The First National Bank of Adams, Adams, Massachusetts, as an employee of Tifft Brothers, Pittsfield, Massachusetts as being an apparent violation of Section 32 of the Banking Act of 1933.

We noticed the comment in the report of examination of The First National Bank of Adams made January 27, 1936. We wrote to Mr. Sheldon on March 2, 1936 and he called here to discuss the matter on March 14, 1936.

We have just received a letter dated March 31, 1936 from Mr. Sheldon advising us that he has tendered his resignation as a director of The First National Bank of Adams and that the same has been accepted.

Very truly yours,

Frederic H. Curtiss

Frederic H. Curtiss
Federal Reserve Agent

WDM:D

113.4(1)

MAR 20 1936

Mr. Frederic H. Curtiss,
Federal Reserve Agent,
Federal Reserve Bank of Boston,
Boston, Massachusetts.

Dear Mr. Curtiss:

There is inclosed a copy of a memorandum received from the office of the Comptroller of the Currency calling attention to the fact that the report of examination of the First National Bank, Adams, Massachusetts, made January 27, 1936, refers to the service of Mr. H. J. Sheldon, a director of that bank, as an employee of Tifft Brothers, Pittsfield, Massachusetts, as being an apparent violation of section 32 of the Banking Act of 1933.

It will be appreciated if you will investigate the matter and advise the Board of your conclusions. If you feel that the question should be considered by the Board, it will be appreciated if you will furnish the Board with full information and an opinion of counsel for your bank.

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

Inclosure.

GHC:hlc

GENERAL COUNSEL'S OFFICE,

Dictated by...

Approved by...

Revised by...

FILE COPY

See memo 4/1/36

3/16/36 from Comp of Currency



TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
WASHINGTON

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

March 16, 1936.

Corded

Memorandum for the Board of Governors of the Federal Reserve System:

For your information and attention you are advised that in the report of an examination of the First National Bank, Adams, Mass., made January 27, 1936, the Examiner states Director H. J. Sheldon of this bank apparently is serving as an employee of Tifft Brothers of Pittsfield, Mass., (Securities Dealers) in violation of Section 32 of the Banking Act of 1933, as amended, and your Regulation R.

Respectfully

E. H. Gough
Deputy Comptroller.

RECEIVED
OFFICE OF GENERAL COUNSEL
MAR 17 1936
11:15 A.M.
NUMBER 3

113.4 (2)
113 • 4 (2)

May 5, 1936.

Files.

Enforcement of Section 32.

Mr. Chase, Assistant Counsel.

In its letter of April 18, 1936 (X-9554), the Board stated that it understood that the office of the Comptroller was no longer going to report to the Board apparent violations of section 32 of the Banking Act of 1933 which were noted in the reports of examinations of national banks.

B. H. Miller

Under date of April 27, 1936, Mr. Gough, Deputy Comptroller, addressed a memorandum to the Board stating that the report of examination of the First National Bank, Inwood, New York, showed an apparent violation of section 32 by Director N. Pearsall. I accordingly telephoned Mr. Yeateman, Assistant Chief of the Examination Division of the Comptroller's office and asked him whether our previous understanding was correct. He advised me that it was, but that the necessary instructions had not yet been issued. He assured me, however, that they would be issued promptly.

G. Howland Chase,
Assistant Counsel.



TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY

WASHINGTON

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

April 27, 1936.

Carded

Memorandum for the Board of Governors of the Federal Reserve System:

For your information and such action as you deem advisable, you are advised that the report of an examination of the First National Bank, Inwood, New York, completed March 28, 1936, indicates that Director N. Pearsall, who is a partner in the brokerage firm of W. S. Hernon and Company, has not received your permission to also act in his present capacity as director of the subject bank.

Deputy Comptroller.

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APR 30 1936
DIVISION OF EXAMINATIONS

Telephoned Davis in NY
ATC

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OFFICE OF GENERAL COUNSEL
APR 30 1936
2:05 P.M.
NUMBER 16

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17c
Council

Board of Governors of the
Federal Reserve System

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RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON

FEDERAL RESERVE BANK
OF NEW YORK

1936 MAR 19 AM 8 54

March 18, 1936

Subject: Section 32 Status of
Mr. H. R. Johnston

S i r s :

Reference is made to the Board's letter of March 12, 1936, regarding the applicability of the provisions of Section 32 of the Banking Act of 1933, as amended, to the service of Mr. H. R. Johnston as a director of National Bank of Yorkville in New York, New York, New York, and as president and director of Sterling Securities Corporation, Jersey City, New Jersey. The Board enclosed a copy of a memorandum received from the office of the Comptroller of the Currency, dated March 4, 1936, quoting a statement from the report of examination of the national bank as of January 22, 1936, to the effect that the above described relationship constitutes an apparent violation of Section 32. In addition, the Board referred to Mr. Dillistin's letter of November 2, 1935, regarding this matter and suggested that if we are still satisfied that Mr. Johnston's relationship does not actually constitute a violation of the provisions of Section 32, as amended, we inform the national bank accordingly, in order that it may so advise the examiner at the time of the next examination.

As suggested by the Board, I have today written to National Bank of Yorkville in New York regarding this matter and I am enclosing,

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OFFICE OF THE FEDERAL COUNSEL
MAR 19 1936
10:15 P.M.
NUMBER 5

3/18/36

for the Board's information and records in this connection, a copy of
such letter which I believe is self-explanatory.

Respectfully,



J. H. CASE
Federal Reserve Agent

Board of Governors of the Federal Reserve System,
Washington, D. C.

Enc.

FEDERAL RESERVE BANK OF NEW YORK

March 18, 1936

Mr. Montgomery Schuyler,
President, National Bank of Yorkville in New York,
New York, New York.

Dear Mr. Schuyler:

The Board of Governors of the Federal Reserve System has recently advised me that the Comptroller of the Currency has drawn its attention to the fact that in the report of examination of National Bank of Yorkville in New York, as of January 22, 1936, a statement was made to the effect that Mr. H. R. Johnston's service at the same time as a director of the national bank and as president and director of Sterling Securities Corporation, Jersey City, New Jersey, constitutes an apparent violation of the provisions of Section 32 of the Banking Act of 1933. Accordingly, the Board requested me to communicate with you concerning this matter.

As you probably know, the provisions of Section 32 of the Banking Act of 1933 were amended by the provisions of Section 307 of the Banking Act of 1935, effective January 1, 1936. For your information in this connection, there is enclosed a copy of the Board's Regulation R, as revised effective January 4, 1936, relating to this subject. You will note from the statutory provisions of the amended act, which will be found on page 3 of the regulation, that no provision is made for the issuance of individual permits by the Board and that whereas the statute formerly referred to organizations "engaged primarily in the business of pur-

2.

Mr. Montgomery Schuler,
N/B of Yorkville,
New York, N. Y.

8/18/36

FEDERAL RESERVE BANK OF NEW YORK

chasing, selling, or negotiating securities", the statute, as amended, refers to organizations and individuals "primarily engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities."

The previous report of examination of National Bank of Yorkville in New York contained a statement regarding this matter similar to the one referred to above and at that time we took up the question with Mr. Johnston. In view of the fact that his letter to us of October 30, 1935, contained a statement to the effect that Sterling Securities Corporation was not engaged to any extent whatever in the types of business referred to in Section 32, as amended, we informed him that it appeared that his service at the same time as director of National Bank of Yorkville in New York and as president and director of Sterling Securities Corporation would not come within the provisions of Section 32, as amended, by the Banking Act of 1935, effective January 1, 1936. However, if Sterling Securities Corporation engages in the future in transactions of the type referred to in Section 32, as amended, to any substantial extent, I believe it would be desirable for Mr. Johnston to communicate with us regarding the matter since a further question might then be raised as to the applicability of the provisions of that section to his relationship.

I am forwarding a copy of this letter to Mr. Johnston for his information and records.

Very truly yours,

(Signed) J. H. Case

J. H. CASE
Federal Reserve Agent

Enc.

113.4(3)

MAR 12 1936

Mr. J. H. Case,
Federal Reserve Agent,
Federal Reserve Bank of New York,
New York, New York.

Dear Mr. Case:

In his letter of November 2, 1935, Mr. Dillistin stated that, on the basis of the information received by your office, it appeared that section 32 of the Banking Act of 1933 as amended by the Banking Act of 1935, effective January 1, 1936, would not be applicable to the service of Mr. H. R. Johnston as a director of National Bank of Yorkville in New York, New York, New York, and as president of Sterling Securities Corporation, Jersey City, New Jersey.

There is inclosed a copy of the memorandum received from the office of the Comptroller of the Currency, dated March 4, 1936, quoting a statement from the report of examination of the national bank as of January 22, 1936, to the effect that these relationships constitute an apparent violation of section 32. If your office is still satisfied that the relationships involved do not actually constitute a violation of section 32, it is suggested that you advise the bank accordingly, in order that the bank may so advise the examiner at the time of the next examination. Of course, if there appears to be doubt as to whether section 32 is applicable, it is assumed that you will submit the matter to the Board for its consideration.

GENERAL COUNSEL'S OFFICE,

Dictated by.....

Approved by.....

Revised by.....

Inclosure.....

GHC:hlc

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

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113.4 (2)

3/6/36

Mr. Chase -

The attached memo dated 3/4/36 from the office of the Comptroller of the Currency relative to an apparent violation of Section 32 of the Banking Act of 1933 on the part of Mr. H. R. Johnston is respectfully referred to Counsel.

DLC
3/6/36



TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
WASHINGTON

113.4(3)

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

March 4, 1936.

Memorandum for the Board of Governors of the Federal Reserve System:

For your information and such action as you deem necessary, you are advised that in his report of examination of the National Bank of Yorkville in New York City made as of January 22, 1936, the National Bank Examiner states:

"Apparent Violation

Apparent violation of Section 32 of the Banking Act of 1933 on the part of Director H. R. Johnston who is President of the Sterling Securities Corporation. The bank does not hold a permit from the Federal Reserve Board authorizing the continuance of Director Johnston as a member of the Board of Directors."

Deputy Comptroller.

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OFFICE OF GENERAL COUNSEL
MAR 6 - 1936
3:30 P.M.
NUMBER - 18

see letter 3/12/36 to FR Bank, New York
see memo 3/6/36 from Cray

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FEDERAL RESERVE BOARD
WASHINGTON

FEDERAL RESERVE BOARD FILE	
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Council

**FEDERAL RESERVE BANK
OF NEW YORK**

1935 NOV 4 AM
November 2, 1935.

Subject: Applicability of the provisions of Section 32 of the Banking Act of 1933 to the relationships of Mr. H. R. Johnston.

S i r s :

Reference is made to the Board's letter of October 3, 1935, addressed to Mr. Case, enclosing a copy of a memorandum from the office of the Comptroller of the Currency dated September 23, 1935, regarding an apparent violation of the provisions of Section 32 of the Banking Act of 1933 by Mr. H. R. Johnston, who is a director of National Bank of Yorkville in New York, New York, New York and president of Sterling Securities Corporation, Jersey City, New Jersey. The Board suggested that we investigate this matter and advise Mr. Johnston with respect thereto.

We have written to Mr. Johnston regarding the matter and, upon the basis of information submitted by him, it appears that his relationships, referred to above, will not come within the provisions of Section 32, as amended by the Banking Act of 1935, effective January 1, 1936. Accordingly, despite the fact that he has not submitted sufficient information to enable us to determine definitely whether Section 32 in its present form is applicable to his relationships, it does not appear to us to be desirable, unless otherwise instructed by the Board, to request Mr. Johnston to submit the further information necessary to determine the latter question.

Respectfully,

W. H. Dillistin

W. H. Dillistin
Assistant Federal Reserve Agent

Board of Governors of the Federal Reserve System,
Washington, D. C.

~~RECEIVED
OFFICE OF THE
NOV 4 1935
10,4
NUMBER 5~~

compare of Lester Parsons 10/25/35

see letter 3/12/36

see memo 3/4/36 from Comp. of Currency

FEDERAL RESERVE BOARD FILE
113.4 (2)
114

OCT 3 1935

Mr. J. H. Case,
Federal Reserve Agent,
Federal Reserve Bank of New York,
New York, New York.

Carded

9/23

Dear Mr. Case:

There is inclosed a copy of a memorandum from the office of the Comptroller of the Currency dated September 23, 1935, regarding an apparent violation of section 32 of the Banking Act of 1933 by Mr. H. R. Johnston, who is a director of The National Bank of Yorkville in New York, New York, New York, and president of Sterling Securities Corporation. It is suggested that you investigate the applicability of section 32 and advise Mr. Johnston. Of course, in the event that you are unable, with the assistance of your counsel, to determine whether or not section 32 is applicable, the Board will be glad to consider the matter upon receipt of the necessary information together with an opinion of your counsel.

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

Inclosure.

GHC:hlc

GENERAL COUNSEL'S OFFICE

Dictated by...

Approved by...

Revised by...

see ans 11/2/35
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COPY

113.4 (2)

TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
Washington

September 23, 1935.

Memorandum for the Board of Governors of the
Federal Reserve System:

In the report of a recent examination of The National Bank of Yorkville In New York, New York City, The Examiner calls attention to an apparent violation of Section 32 of "The Banking Act of 1933" on the part of Director H. R. Johnston, who is President of the Sterling Securities Corporation. He states the bank does not hold a permit from the Federal Reserve Board, authorizing the continuance of Director Johnston as a member of the Board of Directors.

The foregoing is submitted to you for such action as you deem necessary.

(signed) E. H. Gough
E. H. Gough,
Deputy Comptroller.

Mr. Chase



FEDERAL RESERVE BOARD FILE
113,4(2)
114

TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
WASHINGTON

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

September 23, 1935.

Memorandum for the Board of Governors of the
Federal Reserve System:

Carded

In the report of a recent examination of The National Bank of Yorkville in New York, New York City, The Examiner calls attention to an apparent violation of Section 32 of "The Banking Act of 1933" on the part of Director H. R. Johnston, who is President of the Sterling Securities Corporation. He states the bank does not hold a permit from the Federal Reserve Board, authorizing the continuance of Director Johnston as a member of the Board of Directors.

The foregoing is submitted to you for such action as you deem necessary.

E. H. Gough,
Deputy Comptroller.

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SEP 25 1935

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OFFICE OF GENERAL COUNSEL

DIVISION OF EXAMINATIONS

SEP 26 1935

310
13
NUMBER

see letter 10/3/35

Counsel page

FEDERAL RESERVE BANK
OF NEW YORK

113.4 (2)

FEDERAL RECEIVED
RESERVE BOARD
WASHINGTON
1935 AUG 13 AM 8

August 12, 1935.

Subject: Possible violation of Section 32
of the Banking Act of 1933.

S i r s :

Reference is made to the Board's letter to Mr. Case of August 2, 1935, concerning the service of Mr. C. E. Wheelwright as manager of the Elizabeth, New Jersey, Office of F. P. Ristine and Company, Philadelphia, Pennsylvania, and as director of Central Home Trust Company, Elizabeth, New Jersey. The Board requested us to make such investigation as is necessary to determine whether or not these relationships constitute a violation of Section 32 of the Banking Act of 1933.

Mr. Wheelwright has submitted information regarding the nature of the business transacted by F. P. Ristine and Company and, upon the basis of such information, Counsel to this bank is of the opinion that the provisions of Section 32 are not applicable to Mr. Wheelwright's relationships.

Respectfully,



W. H. Dillistin,
Assistant Federal Reserve Agent.

Federal Reserve Board,
Washington, D. C.

RECEIVED
OFFICE OF GENERAL COUNSEL
AUG 13 1935
11:15 A.M.
NUMBER 2

Counsel

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FEDERAL RESERVE BOARD
WASHINGTON

FEDERAL RESERVE BANK
OF NEW YORK

113.4 (2)

1935 AUG 6 AM 8 39

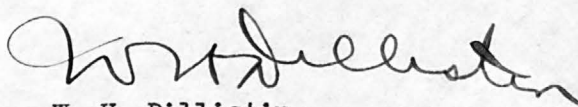
August 5, 1935.

S i r s :

We acknowledge receipt of the Board's letter to Mr. Case of August 2, 1935, concerning the possible applicability of the provisions of Section 32 of the Banking Act of 1933 to the service of Mr. C. E. Wheelwright as director of Central Home Trust Company, Elizabeth, New Jersey, and as manager of the Elizabeth office of F. P. Ristine and Company.

We have requested Mr. Wheelwright to furnish us with the information necessary to determine whether the provisions of Section 32 are applicable to his relationships and upon receipt of his reply we shall advise the Board further with respect to this matter.

Respectfully,



W. H. Dillistin,
Assistant Federal Reserve Agent.

Federal Reserve Board,
Washington, D. C.

RECEIVED
OFFICE OF GENERAL COUNSEL
AUG 6 1935
9:30
NUMBER

112.4 (2)

AUG 2 1935

Mr. J. H. Case,
Federal Reserve Agent,
Federal Reserve Bank of New York,
New York, New York.

Dear Mr. Case:

Gardner

The report of examination of Central Home Trust Company, Elizabeth, New Jersey, indicates that Mr. C. E. Wheelwright is serving as director of that bank and as manager of the Elizabeth office of F. P. Ristine and Company.

If you have not already done so, it will be appreciated if you will make such investigation as is necessary to determine whether or not these relationships constitute a violation of section 32 of the Banking Act of 1933, and advise the Board in the premises.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary.

GHC gc

GENERAL COUNSEL OFFICE

Dictated by...

Approved by...

Entered by...

see ans 8/12/35
see ans 8/5/35

FILE COPY

428.90

FEDERAL RESERVE BANK OF PHILADELPHIA

925 CHESTNUT STREET

113.4 (3)

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON

February 26, 1935.

1935 FEB 27 AM 8 58

Federal Reserve Board,

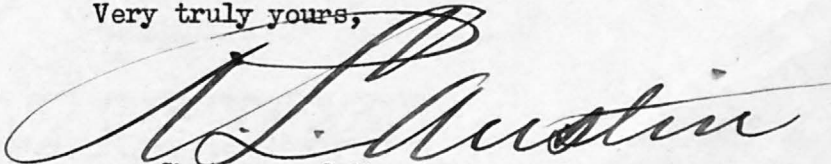
Washington, D. C.

Dear Sirs:

Your letter of February 21st, calling our attention to the fact that the December 19, 1934 examination report of the Wyoming National Bank of Wilkes-Barre, Pennsylvania, shows that Mr. John H. Brooks, a partner of the brokerage firm of J. H. Brooks & Company, continues as a director of the bank in violation of the provisions of Section 32 of the Banking Act of 1933, has been duly received.

We beg to advise you that this matter was taken up with the bank in March of 1934, at which time we pointed out that the applicant's relationship was of the type considered by the Board to be prohibited by the Act and therefore no permit could be obtained. Mr. Brooks apparently attended no meetings subsequent to this notification but he did not formally resign as a director. We are advised that he was not reelected at the January 1935 stockholders' meetings; thus the relationship referred to is now adjusted.

Very truly yours,


Chairman of the Board, and
Federal Reserve Agent.

RECEIVED
OFFICE OF GENERAL COUNSEL

FEB 27 1935

10:45
NUMBER 

FEB 21 1935

File No. ... 1/13...4... (3)
Office of General Counsel
Federal Reserve Board.

Mr. Richard L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

The office of the Comptroller of the Currency has invited the attention of the Board to the fact that the report of examination of The Wyoming National Bank of Wilkes-Barre, Pennsylvania, as of December 19, 1934, states that Mr. John H. Brooks, who is a director of that bank, is a partner of J. H. Brooks & Company and has not received a permit from the Federal Reserve Board under the provisions of section 32 of the Banking Act of 1933.

In this connection, reference is made to the Board's letter of March 23, 1934, forwarding to you an application, in duplicate, which had been sent to the Board by Mr. Brooks, instead of to you in accordance with the provisions of Regulation R.

It will be appreciated if you will advise the Board as to the status of this matter.

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

see ans 2/26/35

GHC:hlc

GENERAL COUNSEL'S OFFICE

Dictated by

Approved by

Revised by

FILE COPY

Counsel



COMPTROLLER OF THE CURRENCY

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

TREASURY DEPARTMENT

WASHINGTON

February 16, 1935.

1935 FEB 18 AM 9 22

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON

Federal Reserve Board,
Washington, D. C.

Gordon

Gentlemen:

RE: THE WYOMING NATIONAL BANK OF
WILKES-BARRE, PENNSYLVANIA.

In the report of examination of The Wyoming National Bank of Wilkes-Barre, Pennsylvania, completed December 19, 1934, Examiner F. T. Ransom states that Director John H. Brooks is a partner of J. H. Brooks & Company, investment brokers, and has not received permission from the Federal Reserve Board to act as a director of the bank, which is an apparent violation of Section 32 of the Bank Act of 1933.

Very truly yours,

E. H. Gough

E. H. GOUGH,
Deputy Comptroller.

RECEIVED
OFFICE OF GENERAL COUNSEL

FEB 18 1935

NUMBER 7 P.M.

Council

FEDERAL RESERVE BANK OF PHILADELPHIA

THIRD DISTRICT

RECEIVED 113.4 (3)
FEDERAL RESERVE BOARD
WASHINGTON

RICHARD L. AUSTIN
CHAIRMAN AND FEDERAL RESERVE AGENT

ARTHUR E. POST
ASSISTANT FEDERAL RESERVE AGENT

ERNEST C. HILL
ASSISTANT FEDERAL RESERVE AGENT

OFFICE OF THE CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

1934 MAR 28 AM 8 36

March 27, 1934

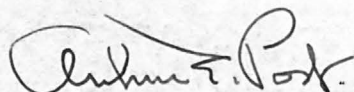
Federal Reserve Board,
Washington, D. C.

Attention: Mr. L. P. Bethea,
Assistant Secretary.

Dear Sirs:

In connection with the application of Mr. John H. Brooks for permission under Section 32 of the Banking Act of 1933, to serve the Wyoming National Bank and the J. H. Brooks and Company, we acknowledge the receipt of form 99a, in duplicate, from Mr. Brooks and form 99c, in duplicate from J. H. Brooks & Company, together with a copy of Mr. Reynold's letter which accompanied the application and a copy of the Board's reply.

Very truly yours,



Arthur E. Post,
Assistant Federal Reserve Agent.

RECEIVED
OFFICE OF THE CHAIRMAN OF THE BOARD
FEDERAL RESERVE BOARD
WASHINGTON

MAR 28 1934

AM PM
NUMBER 1

File No. 113.4 (3)
Office of General Counsel
Federal Reserve Board.

MAR 23 1934

Mr. Richard L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

There is inclosed the application, in duplicate,
of Mr. John H. Brooks for a permit under Section 32 of
the Banking Act of 1933, together with a copy of Mr.
Reynolds' letter, which accompanied the application. There
is also inclosed a copy of the Board's reply.

Very truly yours,

(Signed) L. P. BETHEA
L. P. Bethea,
Assistant Secretary

Inclosures

GHC:hvl

*see ans 3/27/34
see letter 4/21/35*

AK

FILE COPY

113.4(3)
File No.
Office of General Counsel
Federal Reserve Board.

Mr. Dorrance Reynolds, President,
The Wyoming National Bank,
Wilkes-Barre, Pennsylvania.

MAR 23 1934

Dear Sir:

Receipt is acknowledged of your letter of March 19,
1934, inclosing Mr. John H. Brooks' application, in duplicate,
for a permit under Section 32 of the Banking Act of 1933.

In accordance with the requirements of Section IV(c)
of the Federal Reserve Board's Regulation R, the application
should have been filed with the Federal Reserve Agent at the
Federal Reserve Bank of your district, in order that he might
attach his recommendation and forward it to the Federal Reserve
Board.

Accordingly, Mr. Brooks' application has been sent
to the Federal Reserve Agent at the Federal Reserve Bank of
Philadelphia.

Very truly yours,

(Signed) L. P. BETHEA
L. P. Bethea,
Assistant Secretary.

GHC:hvl

Copy sent to Federal Reserve Agent
at Philadelphia.

FILE COPY

FOUNDED 1829

THE WYOMING NATIONAL BANK

THE OLDEST BANK IN NORTH EASTERN PENNSYLVANIA

WILKES-BARRE, PA.

DORRANCE REYNOLDS
PRESIDENT

March 19, 1934.

Sec 32

113.4(3)
RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON

1934 MAR 21 AM 8 36

21 1934
DIVISION OF EXAMINATIONS

Federal Reserve Board,

Washington, D. C.

Gentlemen:

I am enclosing in duplicate, application of Mr. John H. Brooks a director of this bank, for permission of the Federal Reserve Board to continue to serve as a director here although a member of a firm dealing in securities on a commission basis.

There appears to be no way in which Mr. Brook's membership in his brokerage partnership has, would or could influence in any way the use of bank credit in this bank, or have any undesirable effect in any way.

Sincerely,

Dorrance Reynolds
Dorrance Reynolds.

DR:ALM
Encls.
Application in
duplicate.

RECEIVED
OFFICE OF GENERAL COUNSEL

MAR 21 1934

12:45 P. M.
MAR 16

3/23/34

113.4 (4)
February 17, 1936

Mr. Wilkes

Mr. Chase, Assistant Counsel

Possible violation Section 32
by H. S. McLeod, director,
Commercial Bank, Delphos, Ohio.

I have your memorandum of February 11, 1936, and the attached letter dated February 7, 1936, from Mr. Fletcher, regarding the status of Mr. H. S. McLeod under Section 32 of the Banking Act of 1933.

Mr. Fletcher states that he has advised Mr. McLeod that he believes that Section 32 is applicable, but that he had not yet been informed regarding the steps taken by Mr. McLeod to bring these relationships into conformity with the statute. He adds that the Board will be advised promptly when such information is received.

In the circumstances, I have made a note to bring the matter to my attention in thirty days, unless advice is received in the meantime.

Attachment

GHC:rh

File No. 113.4 (4)
Office of General Counsel
Federal Reserve Board.
FEB 6 1936

Mr. W. H. Fletcher,
Acting Federal Reserve Agent,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Mr. Fletcher:

The report of examination of the Commercial Bank, Delphos, Ohio, as of October 19, 1935, refers to the fact that Mr. H. S. McLeod, a director of the bank, was also a director of Lowry Sweeney, Inc., Columbus, Ohio, and that he had filed an application under section 32 of the Banking Act of 1933, which application was pending on the date of the enactment of the Banking Act of 1935. Of course, in view of the fact that the latter Act amended section 32 so as to eliminate the provision regarding the issuance of individual permits by the Board, Mr. McLeod's application is no longer of any effect. However, it will be appreciated if you will advise the Board whether the relationships involved are still in existence, and, if so, whether in your opinion and in the opinion of counsel for your bank they are in violation of section 32 and the Board's recently revised Regulation R.

Very truly yours,

(Signed) L. P. Bethes

L. P. Bethes,
Assistant Secretary.

GHC/owb

Handwritten initials: BLH and PC

File No. 113.4.4
Office of General Counsel
Federal Reserve Board.

AUG 1 1935

Mr. W. H. Fletcher,
Acting Federal Reserve Agent,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Mr. Fletcher:

There is inclosed an application in duplicate by Mr. H.S. McLeod, under the provisions of section 32 of the Banking Act of 1933, for a permit to serve as director of Commercial Bank, Delphos, Ohio, and as director of Lowry Sweney, Inc., Columbus, Ohio. The application was forwarded directly to the Board and is being sent to you in order that you may attach your recommendation pursuant to section IV(c)(iv) of Regulation R.

In view of the proposed amendments to section 32 now pending in Congress, you may prefer to defer further action in connection with this application for a short time in order to ascertain whether the section will be amended.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary.

Inclosure.

GHC go

GENERAL COUNSEL'S OFFICE

Dictated by...

Approved by...

Revised by...

FILE COPY

THE COMMERCIAL BANK

113.4(4)

CAPITAL \$ 75,000.00

SURPLUS \$ 50,000.00

JOSEPH JETTINGHOFF, PRES.

H. M. DAVIES, VICE PRES.

O. G. WEGER, CASHIER

DELPHOS, OHIO

July 25, 1935.

RECEIVED

JUL 26 1935

DIVISION OF EXAMINATIONS

RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON

1935 JUL 26 AM 11 43

Federal Reserve Board,
Washington, D. C.

Gentlemen:

Enclosed herewith please find the application, in duplicate, of Mr. H. S. McLeod for your permission for his serving this bank as a director and at the same time as a director of a dealer in securities.

Our Board of Directors will appreciate your favorable action on this request as it is our earnest desire to have Mr. McLeod remain with us.

Thanking you for any courtesies extended, I am,

Yours very truly,

OGW/MH

O. G. Weger
Cashier.

RECEIVED
OFFICE OF GENERAL COUNSEL
JUL 26 1935
3:45 P.M.
NUMBER 8

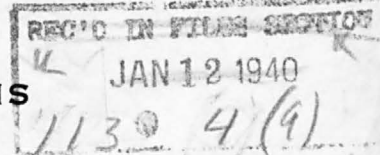
(5)

(6)

(7)

FEDERAL RESERVE BANK OF MINNEAPOLIS
NINTH DISTRICT

January 9, 1940



Mr. R. E. Leonard, Assistant Chief,
Division of Examinations,
Board of Governors of the
Federal Reserve System,
Washington, D. C.

Dear Mr. Leonard:

Upon my return to Minneapolis I mentioned to Mr. Peyton the matter of C. G. Ireys, Director of the First National Bank and Trust Company of Minneapolis, also serving as a Director of Wells-Dickey. Mr. Peyton telephoned to Mr. Wakefield who advised that it was his understanding that Mr. Ireys had resigned as a Director of Wells-Dickey. *see memo 2/2/39*

Mr. Swanson has written to you with respect to the Union Savings Bank, Sioux Falls, South Dakota, and I have taken up the matter of definite reference in examination reports to "1 to 10 ratio" with the other examiners in the department. *see membership file.*

I believe this covers all of the matters that we discussed.

Very truly yours,

H. G. McConnell

H. G. McConnell,
Examiner.

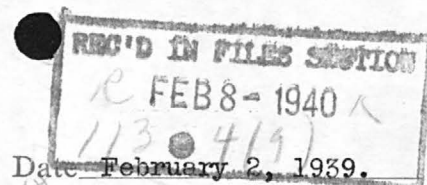
HGM:CJ

*Copy filed
Membership file.*

FOR FILMS
R. E. Leonard

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence



To Mr. Leonard

Subject: Section 32 - Charles G. Ireys,

From Mr. Chase

Minneapolis, Minnesota.

Your memorandum of January 30 states that the last two reports of examination of The First National Bank and Trust Company, Minneapolis, Minnesota, make no mention of Mr. Ireys' connection with Wells-Dickey Company but that "Poor's Register of Directors of the United States and Canada, 1938" includes Mr. Ireys in the list of directors of Wells-Dickey Company, (although in listing his connections in another section of the same book, Wells-Dickey Company is not mentioned) and that "Security Dealers of North America" describes Wells-Dickey Company as underwriters, participating distributors and dealers in municipal and other securities.

In the circumstances I think it would be appropriate (in view of X-9554) to ask the Federal Reserve Bank to ascertain the facts in order that the applicability of section 32 of the Banking Act of 1933 may be determined.

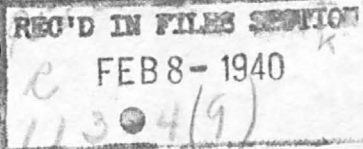
mentioned to Mrs. Mc Leonard 1/14/40 who said he would look into this + advise us.

FOR FILES
O. W. Bangs

see letter 1/9/40

fc

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM



Office Correspondence

Date January 13, 1939.

To Mr. Leonard

Subject: Charles G. Ireys,

From Glenn M. Goodman

Minneapolis, Minnesota.

According to Poor's Register of Directors of the United States and Canada, 1938, the list of directors of Wells-Dickey Co. includes (page 186) "C. G. Ireys, Russell-Miller Milling Co., Minneapolis". The list of connections of Mr. Ireys as shown on page 1859 of the same publication was as follows:

IREYS, CHARLES G. (Born 1884 Boston, Mass.--Univ. of Minnesota (1900)--V.P., Treas. & Dir., Russell-Miller Milling Co., 432 Security Bldg., Minneapolis, Minn. (Residence): 401 Groveland Avenue, Minneapolis, Minn. First National Bank & Trust Co., Minneapolis, Minn. Dir.

It is noted that the following information regarding Wells-Dickey Company was contained on page 364 of Security Dealers of North America, Mid-Year 1938 Edition:

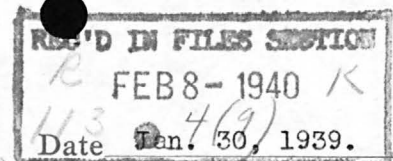
WELLS-DICKEY COMPANY

(1) (MS) (1878) Metropolitan Bank Bldg.
Underwriters, Participating Distributors & Dealers in
Municipal, Foreign, Railroad, Public Utility & Industrial Securities.
Branches--St. Paul, Minn.; Duluth, Minn.
Officers--Stuart W. Wells, Pres.; Joseph L. Seybold,
E. A. Purdy, Robert J. Stallman, Rollin G. Andrews
& Wadsworth A. Williams (St. Paul), V-Ps.; W. Hubert
Kennedy, V.-P. & Treas.; (MS) Donald H. Brown, Sec.
Mgr. Corporation Dept.--Joseph L. Seybold, V.-P.
Municipal Dept.--Rollin G. Andrews
Mgr. Municipal Trading Dept.--Edward J. Knight
Sales Mgr.--Edward A. Purdy, V.P.
Mgr. Trading Dept.--Theodore W. Pelton
Clear Through--Bankers Trust; Continental Illinois Nat.
Bk. & Tr. Co.
Wire Service--Bell System Teletype--MPLS 287
Phone--Atlantic 4201, Private Phone to St. Paul Office
(Cedar 6131) & Postal Phone.

- (1) Member Investment Bankers Association of America.
- (MS) Member Minneapolis-St. Paul Stock Exchange.

Inasmuch as it appears that Wells-Dickey Company is engaged in the general securities business, a question is raised as to whether the services of Mr. Ireys as a director of the securities company and also as a director of a member bank are in violation of Section 32 of the Banking Act of 1933.

FOR FILES
G. W. Bangs

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

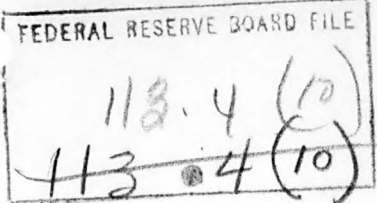
Office Correspondence

To Mr. ChaseSubject: GardnerFrom R. F. Leonard

RFL

In the last two reports of examination of the First National Bank and Trust Company, Minneapolis, Minnesota, as of February 28 and December 27, 1938, no mention was made of Mr. Ireys' connection with Wells-Dickey. In each report of examination the only connection listed under the caption "Occupation or principal business affiliation" was as vice president-treasurer of the Russell Miller Milling Company, Incorporated. In both reports the definite answer "no" was given in reply to the question (on page 17 of the report) as to whether "any director, officer, or employee of this bank (a) is a director, officer, or employee of any corporation or unincorporated association primarily engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities".

FOR FILES
O. W. Bangs



APR 28 1936

Mr. J. J. Thomas,
Federal Reserve Agent,
Federal Reserve Bank of Kansas City,
Kansas City, Missouri.

Dear Mr. Thomas:

Carded

4/21/36

There is inclosed a copy of a letter from the board of directors of The First National Bank of Sedan, Sedan, Kansas, requesting that Mr. Arthur G. Denman be permitted to continue as a director of the bank although section 32 of the Banking Act of 1933 is apparently applicable to his service as such director and as a director of the Ranson-Davidson Company, a bond house in Wichita.

It will be appreciated if you will obtain such information as may be necessary and advise the bank regarding the applicability of section 32 to Mr. Denman's relationships. The letter does not indicate that the directors have fully understood Foot-note 2 in Regulation R, which explains that the Board is no longer authorized to issue individual permits.

If upon investigation you feel that the matter should be considered by the Board, please advise the Board fully as to the facts in the case and forward an opinion of counsel for your bank with respect thereto.

GENERAL COUNSEL'S OFFICE,

Dictated by... *JTB*

Approved by.....

Revised by.....

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

Inclosure.

GHC:rhvd

FILE COPY

Consolid

FEDERAL RESERVE BOARD FILE
113 4 10
113 4 109

THE FIRST NATIONAL BANK

OF SEDAN

ESTABLISHED 1874

1936 APR 24 PM 1 56

SEDAN, KANSAS

April 21, 1936

Board of Governors
Federal Reserve System
Washington, D. C.

Gentlemen:

Corded

During the examination of the bank by examiner, R. B. North, in making his comment upon the examination, he states that he believes the relationship of Arthur G. Denman, who is a director of the Ransom-Davidson Company, a bond house in Wichita dealing in municipal securities, is a violation of regulation "R" of the board of governors of the Federal Reserve System as of January 4, 1936.

In this connection we would like to state that Mr. Denman has been a director of the First National Bank for the past seventeen years. It is the desire of the entire board of directors and stockholders of the bank that Mr. Denman be permitted to remain as a director because of his business experience of banking conditions as they exist in this community and also his information as to the value of bonds and securities. He is at present chairman of our bond committee. We are writing to learn if it is possible in any way to retain him as a director through permission of the Board of Governors of the Federal Reserve System. As we read regulation "R" in the appendix we interpret it that this permission can be granted by the board. We respectfully ask that you make this exception and allow Mr. Denman to remain as a director of this bank.

Yours very truly,

H. Ackerman
Fred Wolney
H. V. Harshbarger
J. Bradley
Lee G. Sauer

Board of Directors
First National Bank, Sedan, Kansas

RECEIVED
OFFICE OF GENERAL COUNSEL

APR 24 1936

2:20

P.M.

NUMBER

- 9 -

See Letter 4/28/36

COPY

THE FIRST NATIONAL BANK
OF SEDAN

SEDAN, KANSAS

April 21, 1936

Board of Governors
Federal Reserve System
Washington, D. C.

Gentlemen:

During the examination of the bank by examiner, R. B. North, in making his comment upon the examination, he states that he believes the relationship of Arthur G. Denman, who is a director of the Ransom-Davidson Company, a bond house in Wichita dealing in municipal securities, is a violation of regulation "R" of the board of governors of the Federal Reserve System as of January 4, 1936.

In this connection we would like to state that Mr. Denman has been a director of the First National Bank for the past seventeen years. It is the desire of the entire board of directors and stockholders of the bank that Mr. Denman be permitted to remain as a director because of his business experience of banking conditions as they exist in this community and also his information as to the value of bonds and securities. He is at present chairman of our bond committee. We are writing to learn if it is possible in any way to retain him as a director through permission of the Board of Governors of the Federal Reserve System. As we read regulation "R" in the appendix we interpret it that this permission can be granted by the board. We respectfully ask that you make this exception and allow Mr. Denman to remain as a director of this bank.

Yours very truly,

(Signed) F. Ackerman
Fred Holroyd
H. R. Harshbarger
J. O. Bradley
Lee C. Garrett
Board of Directors
First National Bank, Sedan, Kansas

Council

FEDERAL RESERVE BANK
OF
KANSAS CITY

OFFICE OF
FEDERAL RESERVE AGENT

428.1
RECEIVED
FEDERAL RESERVE BOARD
WASHINGTON
113.4 (10)
1935 MAR 26 AM 11 27

March 22, 1935

Federal Reserve Board,
Washington, D. C.

Attention of Mr. L. P. Bethea,
Assistant Secretary.

Gentlemen:

Reference is made to the Board's letters of January 31, 1935, and March 14, 1935, in connection with the apparent violation of Section 32 of the Banking Act of 1933 by Mr. W. E. McGarry's service as president and director of the Standard Depositors Corporation, Denver, Colorado, and as director and officer of the Union National Bank in Denver, Denver, Colorado.

We are advised by the president of the Union National Bank in Denver that at a special meeting of the board of directors of that bank on March 19, 1935, Mr. McGarry submitted his resignation as director and officer and that such resignation was accepted.

Very truly yours,

A. W. Buchanan
Assistant Federal Reserve Agent

RECEIVED
OFFICE OF GENERAL COUNSEL
MAR 26 1935
P.M.
NUMBER *✓*

MAR 14 1935

File No. 113.4.10
Office of General Counsel
Federal Reserve Board.

Mr. A. M. McAdams,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Kansas City,
Kansas City, Missouri.

Dear Mr. McAdams:

In its letter of January 31, 1935, the Board referred to a statement contained in the report of examination of the Union National Bank in Denver, Denver, Colorado, to which its attention had been invited by the office of the Comptroller of the Currency. The statement was to the effect that Director W. E. McGarry of that bank was president and director of the Standard Depositors Corporation, Denver, Colorado, that his attention had been directed to the fact that these relationships apparently were in violation of section 32 of the Banking Act of 1933, and that he would not be reelected a director at the annual meeting to be held January 8, 1935. Accordingly, it appeared that no further action was necessary under section 32.

However, it is understood that Mr. McGarry has been re-elected a director of the bank. Accordingly, you are requested to make such investigation as is necessary to determine whether or not the provisions of section 32 are apparently being violated and, if it appears that they are, to advise Mr. McGarry of the steps neces-

see ans 3/22/35

FILE COPY

Handwritten initials/signature

Mr. A. M. McAdams -- 2

sary to comply with the provisions of that section. Please advise the Board of the disposition made of this matter.

Very truly yours,

L. P. Bethea,
Assistant Secretary.

GHC:hlc

GENERAL COUNSEL'S OFFICE,

Dictated by.....

Approved by.....

Revised by.....

FILE COPY

113,4 (10)

File No.
Office of General Counsel
Federal Reserve Board.

JAN 31 1935

Mr. A. M. McAdams,
Assistant Federal Reserve Agent,
Federal Reserve Bank of Kansas City,
Kansas City, Missouri.

Dear Mr. McAdams:

The office of the Comptroller of the Currency has called the attention of the Board to the following statement contained in the report of examination of the Union National Bank in Denver, Denver, Colorado, completed on December 24, 1934:

"Director W. E. McGarry is president and director of the Standard Depositors Corporation, Denver, Colorado which corporation is engaged primarily in the business of purchasing, selling and negotiating securities, and which is in violation of Section (32) of the Banking Act of June, 1933. Mr. McGarry as well as balance of bank's directors have been advised in regard to this violation and Mr. McGarry's name will not be submitted to be voted upon as a director for the ensuing year at the annual stockholders meeting to be held January 8, 1935."

Since it appears that Mr. McGarry is not being reelected a director of the national bank, it would seem that no further action is necessary under section 32 of the Banking Act of 1933, but the above information is being forwarded to you in order to complete your files.

Very truly yours,

(Signed) L. P. BETHEA

L. P. Bethea,
Assistant Secretary.

see ans 3/22/35
see letter 3/14/35

GHC:hlc
GENERAL COUNSEL'S OFFICE,

Dictated by...

Approved by...

Revised by...

see letter 1/28/35 from Comp of Currency

FILE COPY



TREASURY DEPARTMENT

WASHINGTON

COMPTROLLER OF THE CURRENCY

ADDRESS REPLY TO
"COMPTROLLER OF THE CURRENCY"

January 28, 1935

11314(10)

MEMORANDUM FOR THE FEDERAL RESERVE BOARD:

In re: Union National Bank in
Denver, Colorado.

Carded

In Schedule 17-A of the report of his examination of this
bank completed on December 24, the examiner states as follows:

"Violation of Section (32) of the Banking Act of June, 1933.

"Director W. E. McGarry is president and director of the Standard Depositors Corporation, Denver, Colorado which corporation is engaged primarily in the business of purchasing, selling and negotiating securities, and which is in violation of Section (32) of the Banking Act of June, 1933. Mr. McGarry as well as balance of bank's directors have been advised in regard to this violation and Mr. McGarry's name will not be submitted to be voted upon as a director for the ensuing year at the annual stockholders meeting to be held January 8, 1935."

Gilbert Lyons
Deputy Comptroller.

RECEIVED
OFFICE OF GENERAL COUNSEL
JAN 30 1935

NUMBER 20-3150

Letter 1/31/35 to FRB Bank, Kansas City

(E)

