

DECLASSIFIED  
Authority NND 30026

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

470.3(2)

RECEIVED AT WASHINGTON, D. C.

255bmr

New York Mar 3/<sup>33</sup> 215p

Board

Washn

Westside National Bank West Paterson NJ has restricted deposit  
withdrawals effective beginning March 2, 1933

Dillistin

224p

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F. R. District No. 2

470.3(2)

BANKS WHICH DURING FEBRUARY, 1933, WITHOUT ACTUALLY CLOSING, OBTAINED DEPOSITORS' WAIVER AGREEMENTS, OR WHICH RESTRICTED DEPOSIT WITHDRAWALS

Name and location of bank	Obtained depositors' waiver agreements	Demand deposit withdrawals restricted *	Time Deposit withdrawals restricted beyond terms of by-laws*
	Effective date	Period during which effective	
Hoboken, N. J. Jefferson Trust Company (member)	2/21/33 (Close of business)	\$639,000	\$2,110,000

As of the close of business February 21, 1933, this company received permission from the Commissioner of Banking and Insurance of the State of New Jersey to operate under the provisions of the Altman bill (Assembly No. 195), which was signed by the Governor that day.

We understand that payments are being withheld on the bank's entire deposit liability as of close of business February 21, 1933 in the approximate amounts shown above, but that there is no restriction on withdrawals of deposits made since February 22, 1933 (a legal holiday). The period of restriction has not been definitely stated and we understand its determination awaits a conference between the bank's management and the Commissioner of Banking and Insurance.

A copy of the bank's notice to depositors, dated February 21, 1933, is attached hereto.

\*Either with or without signed agreements of depositors.

(B-868)



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470.3(a)

## JEFFERSON TRUS. COMPANY HOBOKEN, N. J.

TO OUR DEPOSITORS:

February 21, 1933.

The Legislature and the Governor of the State of New Jersey, have deemed it advisable to enact the following bill to safeguard the depositors and banking structure of the State of New Jersey:

An Act concerning banks, trust companies and savings banks.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

The Commissioner of Banking and Insurance is hereby authorized and empowered in addition to all other powers, whenever in his judgment the circumstances warrant it, to authorize any and all banks, trust companies and savings banks under his jurisdiction

(a) To extend for a period of ninety days, and for a further period if he deems it expedient, payment of any time accounts where notice of withdrawal has been given or may hereafter be given.

(b) To authorize the postponement for any length of time of the payment of any proportion of the deposits in demand accounts of any individual, firm or corporation as he may deem necessary and expedient, to be determined by him according to the ability of any bank, trust company or savings bank to pay such withdrawals,

(c) To authorize all such banks, trust companies and savings banks to thereafter receive new deposits which shall be segregated from the old deposits, and said new deposits shall not be subject to the restrictions or limitations herein or that may hereafter be imposed by the Commissioner of Banking and Insurance, pursuant to the provisions herein, and said new deposits shall be invested in such liquid assets as may be approved by the Commissioner of Banking and Insurance in order that banks, trust companies and savings banks may at all times have sufficient funds to meet the demands on such new deposits in accordance herewith.

(d) Whenever the Commissioner of Banking and Insurance shall authorize and empower any bank, trust company or savings bank to act under the provisions of this act, he is hereby empowered to make and adopt such rules and regulations as he may deem proper for the protection of the institution and may require daily reports in detail touching their financial condition.

This act shall take effect immediately.

### STATEMENT

The design of the above act is to permit the Commissioner of Banking and Insurance to make rules and regulations for the purpose of protecting not only the bank but its depositors.

The following statement was issued by Charles H. Plenty, president of the New Jersey Bankers Association, in explaining the purpose of the emergency bank bill:

"The Altman bill, passed by the New Jersey Legislature, Monday, February 20, 1933, is a law somewhat similar to that of New York State, and permits the Bank Commissioner where in his judgment a bank may have too large a percentage of frozen assets, to afford such bank a reasonable time to pay its deposits by requiring such depositors to present a ninety-day notice of intentions to withdraw savings accounts, and permitting checking depositors to withdraw such percentage of their deposits as in his judgement liquid assets would permit.

"The object of the bill is to safeguard the depositors in a perfectly solvent bank where under present business conditions, inability to convert frozen assets into cash might cause the closing of such institution.

"I have been asked to make this statement that there may be no misapprehension as to the purpose of this new law."

The Jefferson Trust Company has been granted permission by the Commissioner of Banking and Insurance to operate under the provisions of the above act as of the close of business Tuesday, February 21, 1933.

Your cooperation and consideration is solicited.

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F. R. DISTRICT # \_\_\_\_\_

BANKS WHICH DURING 1932, WITHOUT ACTUALLY CLOSING, OBTAINED DEPOSITORS' WAIVER AGREEMENTS, OR WHICH RESTRICTED DEPOSIT WITHDRAWALS

470.3(2)

Name and location of bank	Obtained depositors' waiver agreements	Demand deposit withdrawals restricted *	Time deposit withdrawals restricted beyond terms of by-laws*
	Effective date	Period during which effective	
The First National Bank of Englishtown Englishtown, New Jersey.	Apr. 30, 1932	Outright contributions aggregating - \$24,727.75	

According to brief notations in our own files, supplemented by reference to more detailed information in the file of the Chief National Bank Examiner at New York, the above bank called a meeting on April 30, 1932, of certain of its larger depositors and obtained agreements from about 115 such depositors to contribute unconditionally to the bank 20% of their deposit balances. We have no definite information as to whether these contributions came from demand deposits or time deposits, but since the depositors agreement form authorized a charge to the depositor's account and contained an agreement to deliver on demand of the bank a check for the amount, accompanied by pass book, we suppose that both classes of deposits were included. The depositors' agreements were contingent on \$3,000 being contributed by the directors (collectively) and on the other contributions (depositors') amounting to \$22,000.

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RECEIVED AT WASHINGTON, D. C.

38bs

New York 1052a Nov 4/32

Smead

Washn

No bank~~s~~ in this District now or at any time this year on a so-called moratorium basis. Several banks have been closed by supervising authorities and subsequently re-opened under the various conditions referred to in item 2 of your telegram

Case

1056A

**DECLASSIFIED**  
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DISTRICT NO. 2 - NEW YORK

BANKS CLOSED DURING 1932 UNDER A SPECIAL HOLIDAY DECLARED BY CIVIL AUTHORITIES

Name and location of bank	Date bank closed	Date bank resumed operations	Duration of holiday		
			Number of days	From	To

NONE