

X-7739

INTERPRETATION OF BANKING ACT OF 1933

(Copies to be sent to all Federal Reserve Banks)

December 22, 1933

Mr. _____,

_____.

Dear Sir:

Consideration has been given to your application for permission, pursuant to Section 32 of the Banking Act of 1933, to serve as a trustee of the _____ Trust Company of _____, _____, and as a director of the _____ Corporation, _____.

It appears that the _____ Corporation was organized by the late Mr. _____ for the purpose of making gifts to or trusts for certain of his nephews and nieces; that he transferred various stocks and bonds to the Corporation and received therefor the notes and stocks issued by the Corporation; that you and _____ Trust Company of _____ now hold all of the outstanding notes and stock of the Corporation in trust for certain nephews and nieces of Mr. _____; that the Corporation is empowered to buy, hold and sell property, including stocks and bonds; that most of the securities now owned by it represent the same properties as were transferred to it upon its organization, since it has never been its custom to make many changes in its investments; that it has purchased no securities whatever since May, 1925, except, on three occasions, United States Treasury short-term certificates or notes, and except for exercising its right, as stockholder, to subscribe to stock; and that, since

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September, 1926, it has sold no securities except one comparatively small block of stock which it had owned for many years, and except certain "rights" received by it as stockholder in other corporations.

In view of the facts disclosed in your application, it appears that _____ Corporation is not a corporation "engaged primarily in the business of purchasing, selling, or negotiating securities", within the meaning of Section 32 of the Banking Act of 1933; and that, therefore, no permit is required under the provisions of that section covering your service as director of that Corporation and as trustee of the _____ Trust Company of _____.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.