

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, June 16, 1936, at 11:15 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. McKee

Mr. Morrill, Secretary  
Mr. Bethea, Assistant Secretary  
Mr. Carpenter, Assistant Secretary  
Mr. Clayton, Assistant to the Chairman

Consideration was given to the matter hereinafter referred to and the action stated with respect thereto was taken by the Board:

Letter to the board of directors of the "First Security Bank", Beaverton, Oregon, stating that, subject to the conditions of membership numbered 1 to 3 contained in the Board's Regulation "H", and the following special conditions, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of San Francisco:

- "4. Such bank shall make adequate provision for depreciation in its furniture and fixtures.
- "5. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate the estimated losses as shown in the report of examination of such bank as of April 25, 1936, made by an examiner for the Federal Reserve Bank of San Francisco.
- "6. Prior to admission to membership, the board of directors of such bank shall adopt a resolution authorizing the interchange of reports and information regarding such bank between the Federal Reserve Bank of the district in which the bank is located and all State or Federal supervisory authorities having jurisdiction of such bank."

Approved unanimously, together with  
a letter to Mr. Sargent, Assistant Federal

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Reserve Agent at the Federal Reserve Bank  
of San Francisco, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'First Security Bank', Beaverton, Oregon, for membership in the Federal Reserve System, subject to the conditions prescribed in the inclosed letter which you are requested to forward to the board of directors of the institution. Two copies of such letter are also inclosed, one of which is for your files and the other of which you are requested to forward to the Superintendent of Banks for the State of Oregon for his information.

"The report of examination as of April 25, 1936, indicates that the bank is carrying a savings deposit with the Oregon Mutual Savings Bank of Portland, Oregon, a nonmember bank, in excess of 10% of its capital and surplus. In this connection it is requested that you call the specific attention of the bank to the provisions of section 19(c) of the Federal Reserve Act.

"The report of examination indicates also that the bank is carrying one loan of \$800.00 which is secured by six and a fraction shares of its own stock, taken in connection with a debt previously contracted in good faith, and it is requested that you advise the bank that it will be expected to dispose of the stock or obtain other adequate security for the loan as soon as practicable.

"Your assumption is correct that, although the bank's application for Federal reserve bank stock has been based on an unimpaired capital and surplus of \$30,000, stock should be issued to the bank on the basis of capital of \$40,000 (including \$15,000 capital debentures sold to the Reconstruction Finance Corporation.) Accordingly, prior to the issuance of any stock to the bank, you should obtain a supplemental application on Form 56 for the number of shares required to increase the bank's subscription in the appropriate amount on that basis.

"It has been noted that the reports and statements of the bank do not reflect the full amount of its outstanding common stock and capital debentures sold to the Reconstruction Finance Corporation but do reflect a nominal surplus and undivided profits. In this connection, as you know, the bank will be required, if it becomes a member of the System, to make and publish reports in the form prescribed by the Board for other State member banks under the provisions of section 9 of the Federal Reserve Act. Accordingly,

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"in order to avoid any misunderstanding, it is suggested that you call to the attention of the bank the form of report now required by the Board under the provisions of section 9 of the Federal Reserve Act (Form 105)."

Thereupon the meeting adjourned.

Chester Monroe  
Secretary.

Approved:

W. S. Carter  
Chairman.