

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 24, 1936, at 11:00 a. m.

PRESENT: Mr. McKee
Mr. Ransom
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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

Telegrams to Mr. Sanford, Assistant Secretary of the Federal Reserve Bank of New York, and to Messrs. Strater and Young, Secretaries of the Federal Reserve Banks of Cleveland and Chicago, respectively, stating that the Board approves the establishment without change by the New York bank on July 23 and by the Cleveland and Chicago banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated July 23, 1936, from Mr. Van Fossen recommending the temporary appointment, for a period of three months, of Miss Alice Swindlehurst as a comptometer operator in the Division of Bank Operations with salary at the rate of \$120 per month, effective as of the date upon which she enters upon the performance of her duties.

Approved unanimously.

Telegram to Mr. Fleming, President of the Federal Reserve Bank

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of Cleveland, reading as follows:

"Your letter July 20. Board approves appointment of N. R. Matter as Assistant Federal Reserve Agent and Lester Henk as alternate to Assistant Federal Reserve Agent at your bank with understanding that before appointment becomes effective they will resign their positions in operating department and thereafter be placed on Agent's roll and be solely responsible to him. In addition to performing duties in Agent's department they may be detailed by Agent with approval of President to perform such other functions as outlined in your letter as will not be inconsistent with their duties as Assistant Federal Reserve Agent and alternate. They should each execute usual oath of office and surety bond in amount of \$50,000, and bonds should be examined by your Counsel to determine whether execution complies fully with rules printed on reverse side of bond form 182, before they enter upon their duties. Thereupon the bonds should be forwarded promptly to the Board for approval.

"When appointments of Messrs. Matter and Henk become effective Board will accept resignations to be submitted by Messrs. Fletcher, Evans and Anderson."

Approved unanimously.

Letter to the board of directors of the "Gary-Wheaton Bank", Wheaton, Illinois, stating that, subject to the conditions of membership numbered 1 to 6 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 Chicago:

- "7. Such bank shall stamp, as soon as practicable, in legible form on each certificate for stock of the bank outstanding, and, so long as the legend referred to below is applicable, shall stamp in legible form on each certificate issued upon transfer or in lieu of the certificates now outstanding, a legend reading substantially as follows:

Before any dividend or distribution of any

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"kind or character is made to stockholders as such, the outstanding Depositors' Deferred Certificates and Shareholders' Certificates of Capital Contribution issued by the bank to depositors who waived the payment of a part of their deposits, and to shareholders who made voluntary contributions, respectively, in 1933, pursuant to certain agreements, copies of which are on file with the Gary-Wheaton Bank, must be paid.

(In the event that shareholders of the bank fail or refuse to surrender their stock certificates for the purpose of enabling the bank to place thereon the legend referred to in the foregoing condition numbered 7, this condition will be considered as having been complied with by the inclusion in each published statement of condition of the bank of appropriate information showing the relation of the rights of the holders of outstanding Depositors' Deferred Certificates and Shareholders' Certificates of Capital Contribution to the rights of stockholders.)

- "8. Within six months from date of admission to membership, such bank shall effect the removal from its banking quarters of the Wheaton Mortgage Company now located therein.
- "9. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$18,043.91, as shown in the report of examination of such bank as of June 8, 1936, made by an examiner for the Federal Reserve Bank of Chicago."

Approved unanimously, for transmission through the office of the Federal Reserve Agent at the Federal Reserve Bank of Chicago.

Letter to the board of directors of "The First State Bank of South Haven", South Haven, Michigan, stating that, subject to the con-

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ditions of membership numbered 1 to 6 contained in the Board's Regulation "H", and the following special condition, 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 Chicago:

- "7. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

Approved unanimously, for transmission through the office of the Federal Reserve Agent at the Federal Reserve Bank of Chicago.

Telegram to Mr. Powell, Assistant Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, referring to the application of the "Farmers State Bank", Winner, South Dakota, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months notice of intention to withdraw, and that, accordingly, upon surrender of the Federal reserve bank stock issued to the Farmers State Bank, the Federal Reserve Bank of Minneapolis is authorized to cancel such stock and make appropriate refund thereon.

Approved unanimously.

Letter to Mr. Dillistin, Assistant Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"The Board will interpose no objection to the merger of the 'Caleb Heathcote Trust Company of Scarsdale', Scarsdale, New York, into 'The County Trust Company', White

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"Plains, New York, under the plan submitted in your letter of July 15, 1936, provided the proceedings, contracts and agreements in connection therewith are, in the opinion of your counsel, legally effective. Please furnish the Board with copies of any amendments to the charter of The County Trust Company which may be effected in connection with the transaction.

"In accordance with your recommendation the Board approves the establishment and operation by The County Trust Company, White Plains, New York, of a branch at Scarsdale, New York, upon completion of the merger with the Caleb Heathcote Trust Company of Scarsdale and subject to final approval by the appropriate State authorities.

"Please advise the trust company accordingly."

Approved unanimously.

Telegram to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"Re your letter June 10 transmitting with favorable recommendation request of 'First Trust and Savings Bank of Pasadena', California, for permission in accordance with membership condition numbered 8 to purchase the banking quarters it now occupies. Without undertaking to pass upon the question of whether approval of the transaction is required under section 24A of the Federal Reserve Act, the Board approves the investment under the plan submitted in view of the benefits which will apparently accrue to the bank through the adjustment of its obligations under the lease. It is understood that the appropriate State authorities have approved the plan and it is assumed that the investment complies in all respects with applicable provisions of State laws. It is understood that the bank will not increase carrying value of bank premises by capitalizing future payments under the proposed contract but that the amount of such payments will be currently charged off as depreciation. Such procedure may or may not afford adequate provision for depreciation and it is accordingly suggested that you acquaint the bank with the Board's views, which are known to your office, with respect to making adequate provision for depreciation in bank premises."

Approved unanimously.

Letter to Mr. Walsh, Federal Reserve Agent at the Federal Re-

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serve Bank of Dallas, reading as follows:

"Receipt is acknowledged of your letter of July 10, 1936, advising that the 'Continental-American Bank and Trust Company', Shreveport, Louisiana, contemplates the retirement of its \$250,000 of preferred stock outstanding, which is held by the Reconstruction Finance Corporation. You state that, although the bank is not subject to a condition of membership which requires that a reduction in its capital be approved by the Board, you have been informed of the proposed action in order that your office may be afforded an opportunity of voicing any objection thereto that you may have, and you request that, if the Board has any objections to the retirement of the stock, you be advised of such objections in order that they may in turn be transmitted to the bank.

"The report of examination of the bank as of January 4, 1936, reflects a generally satisfactory condition, with no estimated losses and a good liquid position, and indicates that it is under capable management. In view of the circumstances and the fact that, based on the report of examination as of January 4, 1936, the bank will have a satisfactory ratio of capital to deposits after giving effect to the retirement of preferred stock, the Board offers no objection to the proposed action."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Mowles
Secretary.

Approved:

John M. G. L.
Member.