

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, August 21, 1936, at 11:00 a. m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Broderick
Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Morrill, 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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 20, 1936, were approved unanimously.

Telegrams to Mr. Kimball, Secretary of the Federal Reserve Bank of New York, Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, Mr. Strater, Secretary of the Federal Reserve Bank of Cleveland, Mr. Young, Secretary of the Federal Reserve Bank of Chicago, and Mr. Thomas, Chairman of the Federal Reserve Bank of Kansas City, stating that the Board approves the establishment without change by the New York bank on August 20, 1936, and by the Philadelphia, Cleveland, Chicago and Kansas City banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to "The First National Bank of Henderson", Henderson, Kentucky, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for permission

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"to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Kentucky, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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

"Reference is made to your letter of July 13, 1936, transmitting the request of the 'Peoples Bank and Trust Company', Seattle, Washington, for permission to retire the balance of its outstanding debentures held by the Reconstruction Finance Corporation in the amount of \$250,000. In connection with this request, you call attention to the fact that at the time of the absorption of the Security National Bank of Everett, and the establishment of a branch at that place, the Board imposed a condition that the bank agree to increase the aggregate amount of its capital and surplus to not less than \$1,500,000 by July 1, 1936, which condition has been complied with.

"The Board has given consideration to the various factors involved in this case, as set forth in your letter and the accompanying correspondence, and is in sympathy with the bank's desire to retire the debentures. It appreciates, also, the apparently marked improvement in the general condition of the bank and the strengthening of its capital structure, which have been effected in recent years. However, in view of the material growth of the institution since the date the condition in question was prescribed, the apparently continuing upward trend of its deposits, the fact that the purpose of such condition

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"was to require the bank to have an adequate capital and surplus for the protection of its depositors and other creditors, and the fact that the last examination in which your examiner participated was nearly a year ago, the Board feels that action on the bank's application should be deferred until after the next examination, which you indicate will be undertaken in September. At that time the Board will be glad to reconsider the matter if the asset condition of the bank and the adequacy of its capital structure are such that you are willing to recommend that favorable action be taken on the pending application."

Approved unanimously.

Letter to Mr. Thomas, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"Reference is made to your letter of August 10, 1936, advising of the purchase for \$7,000 on May 2, 1936, by the 'Lusk State Bank', Lusk, Wyoming, of a parcel of real estate for a future banking site without submitting the matter to the Board for consideration as required by membership condition numbered 8 applicable to the bank.

"From the information submitted it appears that the property in question was purchased in order to provide the bank with a better location if the anticipated development of the town continues; that the transaction resulted in a reduction of \$5,000 in surplus and \$2,000 in the undivided profits account; and that the property is carried by the bank as a nonbook asset.

"In view of your recommendation and the fact that the investment does not appear to be unduly large or improper or otherwise violate the spirit or purpose of condition numbered 8 prescribed in connection with admission of the bank to membership, the Board will interpose no objection to the transaction providing it has the approval of the appropriate State supervisory authorities. The report of examination as of June 9, 1936, indicates that the property is subject to a loan of \$2,998.47, which it is assumed the bank will eventually wish to retire. The Board will interpose no objection to the payment of such loan if and when the bank should decide to do so."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

Ronald [Signature]
Vice Chairman.