

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, September 2, 1936, at 10:45 a. m.

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

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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on September 1, 1936, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, and Mr. Dillard, Deputy Chairman of the Federal Reserve Bank of St. Louis, stating that the Board approves the establishment without change by the respective banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated September 1, 1936, from Mr. Paulger, Chief of the Division of Examinations, recommending, for the reasons stated in the memorandum, that Mr. Laurence H. Jones, Federal Reserve Examiner,

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be granted leave of absence with pay for one day and six hours in addition to the twenty-six days annual leave granted to employees of the Board.

Approved unanimously.

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

"Reference is made to your letter of August 25, 1936, transmitting with a favorable recommendation the request of the Bank of the Manhattan Company, New York, New York, for a further extension of one year from October 1, 1936, of the time within which to dispose of its holdings of stock of The County Trust Company, White Plains, New York, as required by the conditions of membership applicable to the former institution.

"It has been noted that, aside from complying with the conditions of membership, the bank is desirous of disposing of the stock but feels that it has an obligation to see that the stock is placed in strong and reputable hands. It has been noted also that the bank is continuing its efforts to effect a satisfactory sale of its holdings and that negotiations for such a sale have recently been resumed. In view of the circumstances and your recommendation, the Board extends to October 1, 1937, the time within which the Bank of the Manhattan Company may dispose of its holdings of the stock of The County Trust Company, White Plains, New York, as required by the conditions of membership."

Approved unanimously.

Letter to Mr. Stewart, Assistant Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Mechanics Bank and Trust Company', Moberly, Missouri, for permission to exercise the fiduciary powers granted to it by the Commissioner of Finance of the State of Missouri under date of April 7, 1930, on the following conditions:

1. Such bank shall not invest funds held by it as fiduciary in obligations of or property acquired

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"from the bank or its directors, officers, employees, members of their families, or their interests, or in obligations of or property acquired from affiliates of the bank.

2. Such bank shall not invest funds held by the bank as fiduciary in participations in pools of mortgage bonds or other securities, and the securities and investments of each trust shall be kept separate from those of all other trusts and separate also from the properties of the bank itself; provided, however, that the Board of Governors of the Federal Reserve System will not object to the collective investment of trust funds where the cash balances to the credit of certain trust estates are too small to be invested separately to advantage, if the bank owns no participation in the securities in which such collective investments are made and has no interest in them except as trustee or other fiduciary, and if such collective investment is not prohibited by State law or the instrument creating the trust.
3. If funds held by such bank as fiduciary are deposited in its commercial or savings department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers.

"You are requested to advise the Mechanics Bank and Trust Company, Moberly, Missouri, of the Board's action, and to obtain an appropriate resolution of the board of directors of the bank accepting these conditions and forward a certified copy thereof to the Board."

Approved unanimously.

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

"Reference is made to your letter of August 5, 1936 and inclosures inquiring whether Mr. Thatcher M. Brown, who is a partner in the firm of Brown Brothers, Harriman & Co., New York, New York, may also serve as a member of the Board

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"of Trustees of United States Trust Company of New York, New York, New York, in view of the provisions of section 8 of the Clayton Act, as amended, and section 3(d)(4) of Regulation L. The information submitted with your letter seems to indicate that both institutions are engaged in several of the same classes of business and that the relationships in question may therefore not be lawful.

"However, a letter has also been written to Chairman Eccles by Mr. Williamson Pell, First Vice President of United States Trust Company of New York regarding Mr. Brown. Mr. Pell requests an opportunity of discussing the matter with Chairman Eccles or some other member of the Board when it comes up for the Board's consideration. A copy of his letter and of my reply are inclosed.

"In the circumstances, it is requested that you advise Mr. Pell that the Board would be glad to afford him the opportunity which he requests. Please advise the Board as to Mr. Pell's wishes in the matter."

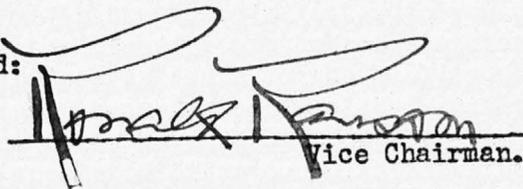
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.