

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, November 3, 1936, at 2:30 p. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Ransom, Vice Chairman  
Mr. Davis

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

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

Letter to Mr. Gidney, Vice President of the Federal Reserve Bank of New York, reading as follows:

"Referring to Mr. Rounds' letter of October 27 and your letter of October 30, the Board notes with approval that the resignation of Mr. W. Edgar Crosby as Special Assistant to Federal Reserve Agent has been accepted by you as Assistant Federal Reserve Agent, effective at the close of business October 31, 1936."

Approved unanimously.

Letter to the board of directors of the "Northern Bank and Trust Company", Lancaster, Pennsylvania, stating that, subject to the conditions 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 Philadelphia:

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

Approved unanimously, together with a letter to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'Northern Bank and Trust Company', Lancaster, Pennsylvania, 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 Secretary of Banking for the Commonwealth of Pennsylvania for his information.

"The report of examination of the bank as of July 18, 1936, indicates that there are several criticisms in connection with the accounting records and routine operations of the trust department and that there is no designated trust committee. It is assumed that you will satisfy yourself that the proper corrections will be made in order to bring the operations of the trust department into conformity with approved procedure."

In connection with the above application for membership, consideration was given to a memorandum dated October 19, 1936, from Mr. Seitz, Assistant Counsel, stating that while it has been the practice of the Board in cases of this kind, where the applicant bank is authorized under its charter and the laws of the State in which it is located to exercise certain powers other than those used in a commercial banking and trust business, to prescribe a special condition of membership prohibiting the applicant bank, after it becomes a member of the Federal Reserve System, from exercising the unusual powers which it was not exercising at the time of admission, it was not

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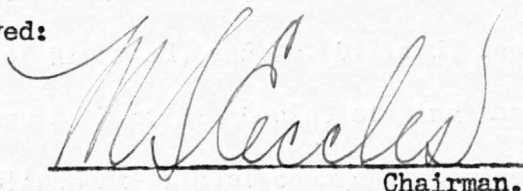
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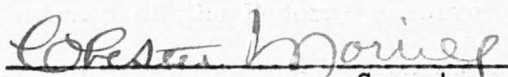
believed essential, for the reasons stated in the memorandum, further to prescribe such a special condition. The memorandum recommended, therefore, that the Northern Bank and Trust Company not be required to accept a special condition of this kind and that a similar practice be followed by the Board in future cases in which analogous circumstances may be involved. Mr. Wyatt had attached a note to Mr. Seitz' memorandum suggesting that in lieu of prescribing the special condition of membership referred to the Board include in the letters to banks advising of approval of their applications a paragraph calling attention in each case to the fact that, if the bank should later desire to exercise such unusual powers or any other powers not actually exercised at the time of admission, it would be necessary under condition number 1 to obtain the Board's permission before exercising such powers. Such a paragraph was included in the letter to the Northern Bank and Trust Company.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

  
Chairman.

  
Secretary.