

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, November 7, 1936, at 10:30 a. m.

PRESENT: Mr. Broderick
Mr. McKee
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:

Letter to the board of directors of the "Corn Belt Bank", Bloomington, 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 make adequate provisions for depreciation in its banking house and furniture and fixtures.
- "8. As soon as practicable, such bank shall reduce all loans which are in excess of the limits prescribed by the laws of the State of Illinois to amounts within such limits.
- "9. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$16,625.94, as shown in the report of examination of such bank as of September 28, 1936, made by an examiner for the Federal Reserve Bank of Chicago.
- "10. 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

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"substantially as follows:

'Before any dividend or distribution of any kind or character is made to stockholders as such, the outstanding Deferred Certificates issued by the bank to certain individuals who made voluntary contributions in 1933 and 1934, pursuant to certain agreements, copies of which are on file with the Corn Belt 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 10, 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 Deferred Certificates to the rights of stockholders.)"

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Corn Belt Bank', Bloomington, Illinois, 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 Auditor of Public Accounts for the State of Illinois for his information.

"It has been noted from the report of examination for membership that the bank is making a practice of confiscating dormant balances through the application of service charges and that your examiner has suggested that this practice be discontinued and the amounts previously taken be restored to their owners. It is assumed that you will either satisfy yourself that the bank has proper authority for its action in this connection or will follow to a conclusion the compliance with the examiner's suggestions.

"The papers submitted with the bank's application did not include a copy of its application to organize. Your counsel has stated that, since the bank has submitted a copy of the certificate of authority to organize and of the certificate to

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"commence business issued to it by the State authorities, the submission of the application to organize 'may be safely waived.' However, as pointed out in the Board's letters of January 20, 1936, regarding the I-C Bank and Trust Company, Chicago, Illinois, and August 26, 1936, regarding the Thomson State Bank, Thomson, Illinois, such an application is analogous to the articles of incorporation usually executed in connection with the organization of the bank in other States, and in order that the Board's records may be complete, it will be appreciated if you will obtain and forward to it a properly certified copy of the application to organize executed by the Corn Belt Bank."

Letter to Mr. Young, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Receipt is acknowledged of your letter of October 24, 1936, with reference to obtaining certified copies of the charter and articles of incorporation, with all amendments thereto, of State banks in Michigan and Wisconsin applying for membership in the Federal Reserve System, in compliance with the requirement contained in the Board's Form 83A (Exhibit V).

"It is understood from your letter that, in the case of each Wisconsin State bank applying for membership, the State Banking Department forwards to you photostat copies of the original documents referred to above, and you inquire whether it would be sufficient, for the purposes of Form 83A, to include with the photostat copies of such documents submitted to the Board a copy of the letter from the State Banking Department transmitting such photostat copies to you and your own certification showing that the photostat copies were received from the permanent files of the State Banking Department.

"The purpose of the Board's requirement is to secure complete and authentic copies of the charter and articles of incorporation, with all amendments thereto, of each State bank applying for membership. Accordingly, in cases where the photostat copies of such documents which you forward to the Board are obtained by you directly from the State Banking Department, compliance with the Board's requirements will be considered to have been accomplished if, in each case, the copies submitted to the Board are accompanied by a statement from the State Banking Department that they are complete copies of the charter and articles of incorporation of the bank and all amendments thereto.

"It is understood also that, in connection with the application of each Michigan State bank for membership, the

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"Banking Department of that State furnishes you its file of original documents of the kind under discussion and that you have photostat copies thereof made for the Board's use. The requirements of the Board will be considered to have been complied with in such cases if you submit with the photostat copies forwarded to the Board a statement from the State Banking Department to the effect that the file from which you make such photostat copies contains the charter and articles of incorporation of the bank involved and all amendments thereto, together with a statement by you that the photostat copies so forwarded are complete copies of all such documents."

Approved unanimously.

Letter to President Harrison of the Federal Reserve Bank of New York as Chairman of the Presidents' Conference, prepared pursuant to the action taken at the meeting of the Board on October 20, 1936, and reading as follows:

"Reference is made to the Board's letter of June 9, 1936, (X-9614), requesting information with respect to fees, compensation and traveling allowances paid to directors of the Federal Reserve banks and branches for attending board meetings, meetings of the executive and discount committees, and other meetings.

"Attached are two memoranda submitted by the Chief of the Board's Division of Bank Operations with respect to fees and allowances paid to directors and to the frequency of meetings of boards of directors, executive committees, discount committees, and other committees. Accompanying the memorandum on fees and allowances are two tables compiled from the replies to the Board's letter, X-9614, and accompanying the other memorandum is a table on frequency of meetings, which is based on such information as is available in the Board's files. In tabulating the information on these subjects it was not feasible to indicate fully by footnote or otherwise the practice at each Federal Reserve bank and branch and, accordingly, the information contained in these tables indicates only in general the practice followed at a given bank or branch.

"The Board will appreciate it if you will place the subjects dealt with in these memoranda on the program for discussion at the next Presidents' Conference.

"Copies of this letter and the memoranda referred to above are being sent to the Presidents of all Federal Reserve banks."

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Approved unanimously.

Letter to the presidents of all Federal reserve banks, reading as follows:

"Inclosed are copies of a pamphlet issued by Editorial Research Reports which it is believed will be of interest to your officers and directors. This pamphlet is, I understand, part of a service to newspaper editors supplied by an established, independent and non-political research organization here which made available to us enough copies of this report so that we could distribute them among members of the Board of Governors as well as among officers and directors of the Federal reserve banks.

"While the Board, of course, does not stand sponsor for this material and it is not being sent to you with official endorsement, it is believed that the contents of this report are substantially correct. The only error noted by members of the staff is a minor one to the effect that the recent suit challenging the constitutionality of the Federal Reserve Act was filed in Philadelphia, whereas, in fact, it was filed in this jurisdiction.

"Since numerous communications are received here as well as at the banks raising questions which this report undertakes to answer, it is felt that the material herein contained would be informative and perhaps of some value in answering such inquiries in the future.

"A limited number of additional copies are available to us in case you should care to have a few more for distribution within the bank."

Approved unanimously.

C. E. Morie
Secretary.

Approved:

J. A. Brodenik
Member.