

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, December 21, 1936, at 12:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Broderick
Mr. Szymczak
Mr. McKee

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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on December 19, 1936, were approved unanimously.

Telegram to the Presidents of all Federal reserve banks, reading as follows:

"In view of the recent transfer of non-statutory duties from Federal Reserve Agents to Federal Reserve banks, consideration has been given to question whether any change should be made in procedure heretofore followed in issuing general and limited voting permits. Since in some cases expedition may be required in issuing such permits before end of year and number of permits to be issued will be limited, no change will be made in such procedure for time being. Telegrams authorizing issuance of permits will be addressed to Federal Reserve Agent and he or an Assistant Federal Reserve Agent is to execute permits. Code words 'ANCILDALE', 'ANCIGAR', and 'ANCILANE' will be used with meaning heretofore given them. It is expected, of course, that officials of your bank who are familiar with voting permit matters will consult with Federal Reserve Agent or Assistant Federal Reserve Agent in connection with issuance of voting permits.

12/21/36

-2-

"Please furnish copy of this telegram to Federal Reserve Agent at your bank."

Approved unanimously.

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

"This refers to your letter of December 2, 1936, with regard to the indebtedness in the amount of \$797 of Mr. Charles Hemenway, Assistant Trust Officer of the Marine Midland Trust Company, Binghamton, New York, which was incurred on June 8, 1934, to cover advances for taxes made by the bank for its own protection, in connection with a first mortgage loan. You state that since the indebtedness in question would not now constitute a violation of section 22(g) of the Federal Reserve Act and since such indebtedness does not appear to have been committed knowingly or as a result of a wilful disregard of the provisions of such section you do not deem it necessary, unless otherwise instructed by the Board, to report the matter to the local United States Attorney as a possible violation of the provisions of section 22(g) of the Federal Reserve Act as it existed prior to August 23, 1935.

"The provisions contained in section 1(c)(3) of Regulation O, referred to in your letter, excluding an increase of an existing indebtedness on account of accrued interest or on account of taxes advanced by the bank for its own protection are not applicable to an increase in the existing indebtedness of an executive officer of a member bank occurring prior to August 23, 1935, the date of the enactment of the Banking Act of 1935, and therefore, such exceptions are not applicable to the indebtedness in question. However, it is understood that the total indebtedness of Mr. Hemenway to the bank of which he is an executive officer is \$1437 and, therefore, since it is possible for him now to become indebted to the bank in an amount not exceeding \$2500 under the conditions and limitations contained in section 3 of Regulation O, and since it does not appear that the apparent violation was committed knowingly or in wilful disregard of the law, it will not be necessary to report the matter to the local United States Attorney. In this connection your attention is called to the Board's letter of February 13, 1935 (X-9124)."

Approved unanimously.

12/21/36

-3-

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

"There have been forwarded to you today under separate cover _____ copies of Form 107 to be used by State bank members in submitting their reports of earnings and dividends for the six months ending December 31, 1936.

"The form has been revised to include the following new items:

Item 10(c) - Withdrawals from reserve for dividends payable in common stock

Item 12(c) - Transfers to reserve for dividends payable in common stock

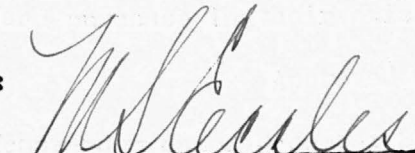
Item 18 - Reserve for dividends payable in common stock

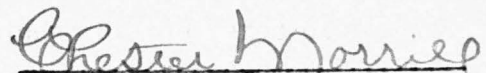
"In the examination of the reports on Form 107, it is suggested that particular attention be paid to the reconciliation of the capital accounts as shown against Items 14 to 18 with the corresponding items as shown in condition reports on Form 105, and the items shown in Section 3 with the corresponding items in the report for the immediately preceding report period. Any differences that are not adjusted by appropriate corrections should be explained by a footnote or in a memorandum or letter attached to the report."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:


Chairman.


Secretary.