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A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, January 27, 1937, at 11:00 a. m.

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on January 25, 1937, were approved unanimously.

The minutes of the meeting of the Board of Governors with the Presidents of the Federal reserve banks held on January 25, 1937, were approved unanimously.

Bonds, each in the amount of \$50,000, executed under date of January 6, 1937, by Messrs. Dana D. Sawyer and Clifford E. Morrissey as Alternate Assistant Federal Reserve Agents at the Federal Reserve Bank of Boston.

Approved unanimously.

Bond, in the amount of \$100,000, executed under date of

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January 19, 1937, by Mr. William Thompson Nardin as Federal Reserve Agent at the Federal Reserve Bank of St. Louis.

Approved unanimously.

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

"In accordance with the request contained in your letter of January 11, the Board approves the payment of salaries to certain employees of your bank at rates in excess of the maximums provided for their positions in the personnel classification plan as follows:

	<u>Annual salary</u>	<u>Form A maximum</u>
Chester Stubbins, Chief, Collection Dept.	\$4,100	\$4,000
Minor Smith, Planning Specialist	3,720	3,600
John Martin, Examiner	6,000	5,500
Anna Crear, Stenographer, Credit Dept.	1,920	1,800"

Approved unanimously.

Letter to the board of directors of "The New York State National Bank of Albany", Albany, New York, stating that, subject to the conditions of membership numbered 1 to 6 contained in the Board's Regulation H and the following special conditions and effective if and when the "State Bank of Albany", Albany, New York, is duly authorized to commence business by the New York State Banking Department, the Board approves the application made by the national bank on behalf of the State institution for membership in the Federal Reserve System and for the appropriate amount of stock of the Federal Reserve Bank of New York:

- "7. Such bank shall make adequate provision for depreciation in its furniture and fixtures.
- "8. Such bank shall, at the time of admission to membership, have assets and liabilities substantially the same in amount (with due allowance for changes arising from the ordinary course of business) and character as shown in the

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"statement as of December 8, 1936 submitted with the application, and shall have a paid-up and unimpaired capital of at least \$2,999,900 and a surplus of at least \$2,000,000.

- "9. As soon as practicable, such bank shall dispose of any loans which may be secured in whole or in part by its own stock, or obtain the substitution of other adequate security for each such loan.
- "10. In the acquisition of the assets of The New York State National Bank of Albany provision shall be made for the charge-off or elimination otherwise, if such has not already been done, of all assets aggregating \$190,781.43 listed for charge-off or as deductions by the examiner for the State Banking Department in his report of examination of such national bank as of September 21, 1936."

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

"The Board of Governors of the Federal Reserve System approves the application made by 'The New York State National Bank of Albany', Albany, New York, on behalf of the 'State Bank of Albany', Albany, New York, for membership in the Federal Reserve System, effective if and when State Bank of Albany is duly authorized to commence business by the New York State Banking Department, 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 Superintendent of Banks for the State of New York for his information.

"Before issuing stock in the Federal Reserve Bank of New York to the State Bank of Albany, you are requested to satisfy yourself that its capital stock as required in condition numbered 8, has been paid in, and that the organization papers and all agreements and contracts entered into between it and The New York State National Bank of Albany covering the purchase of assets from and the assumption of liabilities of that bank and any and all other agreements and contracts between such bank and the stockholders and/or directors or other individuals or concerns, incident to the organization of the State Bank of Albany have been considered by your counsel, and that he is satisfied as to their legal aspects. It is requested that a copy of the opinion of your counsel given in this connection, together with copies of any such agreements and contracts, including a copy of the bank's charter, and the approval given by

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"the State Superintendent of Banks to the establishment of the branch at Mechanicville, be forwarded to the Board as soon as possible. It is requested also that the Board be furnished with a copy of the resolution of the board of directors of the State Bank of Albany, ratifying the action taken in its behalf in making application for membership in the Federal Reserve System.

"It is assumed that the New York State National Bank of Albany is aware of the provisions of Section 12B (i)(4) of the Federal Reserve Act relating to the termination of the insurance on its deposits; however, it may be advisable to call the bank's attention to the provisions of this section in order that instructions may be obtained from the Federal Deposit Insurance Corporation relative to the procedure to be taken to terminate the insured status of such national bank.

"Inclosed is a letter approving the establishment of a branch at Mechanicville, New York, which you are requested to forward to the board of directors of The New York State National Bank of Albany, if in the opinion of your counsel such branch will be established in conformity with the requirements of the Federal Reserve Act in view of the provisions of the State law. Please furnish the Board with a copy of the opinion of your counsel given in this connection. Inclosed also is a copy of the letter for your files."

The following letter to the board of directors of "The New York State National Bank of Albany", Albany, New York, was also approved unanimously:

"In connection with the application made on behalf of the 'State Bank of Albany', Albany, New York, for stock in the Federal Reserve Bank of New York, the Board of Governors of the Federal Reserve System approves the establishment and operation of a branch at Mechanicville, New York, by the State Bank of Albany, effective if and when the State Bank of Albany is admitted to membership in the Federal Reserve System, subject, however, to the approval of the appropriate State authorities."

Letter dated December 24, 1936, from "The Chase National Bank of the City of New York", New York, New York, making application for permission to establish an additional branch in the City of London, England, at No. 51 Berkeley Square, and to remove the branch now operating at No. 10 Moorgate, London, E.C. 2 to Nos. 5-6 Lombard Street, London, England. There were also presented a letter dated January 9, 1937, from Mr. J. F. T.

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O'Connor, Comptroller of the Currency, interposing no objection to approval of the application, and January 13, 1937, from Vice President Gidney of the Federal Reserve Bank of New York, recommending that the permission requested be granted.

Thereupon the Board by unanimous vote adopted the following order:

"ORDER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM AUTHORIZING THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK TO ESTABLISH AN ADDITIONAL BRANCH IN THE CITY OF LONDON, ENGLAND.

"WHEREAS, The Chase National Bank of the City of New York has made application to the Board of Governors of the Federal Reserve System, under date of December 24, 1936, pursuant to the provisions of Section 25 of the Federal Reserve Act, for permission to establish an additional branch in the City of London, England, at Number 51 Berkeley Square; and

"WHEREAS, it appears that said application is properly made under the law and may properly be approved;

"NOW, THEREFORE, IT IS ORDERED that the said application be and it hereby is approved, and that the said bank be and it hereby is authorized to establish an additional branch in the City of London, England, at Number 51 Berkeley Square; upon condition, however, that unless the authority hereby granted is exercised and such branch actually is established and opened for business on or before January 27, 1938, all rights hereby granted shall be deemed to have been abandoned and the authority hereby granted shall automatically terminate; but, if said branch shall be established and opened for business on or before said date, the said bank may operate and maintain the same subject to the provisions of Section 25 of the Federal Reserve Act."

The following letter to "The Chase National Bank of the City of New York", was approved unanimously:

"This is to advise you that the Board of Governors of the Federal Reserve System has today approved the application of your bank, dated December 24, 1936, for permission to establish an additional branch in the City of London, England, to be located at No. 51 Berkeley Square. There is inclosed herewith a certified copy of an order of the Board of Governors authorizing the establishment of this branch.

"Your attention is called to the fact that the authority granted by the Board of Governors for the establishment of this branch will terminate one year from the date of this letter unless

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"the branch is established and opened for business within the time specified. Please advise the Board of Governors of the date upon which the branch is opened for business.

"The Board of Governors has also noted your request for permission to remove the branch now located at No. 10 Moorgate, London, E.C. 2, England (the establishment of which has heretofore been approved by the Board of Governors), to Nos. 5-6 Lombard Street, London, England, and interposes no objection to such change in location."

Letter to Mr. E. H. Gough, Deputy Comptroller of the Currency, reading as follows:

"This refers to your letter of January 18, 1937, regarding the question whether certain drafts with bills of lading attached should be considered as loans or as cash items in process of collection for purposes of making condition reports and calculating reserves.

"It is understood that these drafts cover the purchase price of cars of commodities and have attached the bills of lading for such cars; that the drafts are not payable immediately upon presentation but upon arrival of the cars and usually only after inspection of the commodity; and that the forwarding bank makes the amount of the draft available to the shipper at once but charges him 6 per cent interest thereon until the draft is actually paid.

"It is our view that since the drafts in question are not payable immediately upon presentation they may not be treated as cash items in process of collection either in condition reports or in reports of deposits submitted for reserve purposes. It would appear that these drafts represent advances or loans made by the bank to the shipper and should be so classified in condition reports."

Approved unanimously.

Memorandum dated January 22, 1937, from Mr. Vest, Assistant General Counsel, recommending that there be published in the February issue of the Federal Reserve Bulletin, statements in the form attached to the memorandum, with respect to the Board's recent rulings on the following subjects:

Advance Payments on Government Bonds as  
Deposits Against Which Reserves Must be  
Carried.

Payment of Interest on Demand Deposits  
of Public Funds.

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Approved unanimously.

Memorandum dated January 23, 1937, from Mr. Morrill recommending, for the reasons stated in the memorandum, that the Board authorize a change in the plans of the cafeteria room for its new building to provide for a "snack bar", which change can be met at the present time at very much less cost (estimated at about \$3,500) than might be the case at a later date.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. C. C. C.  
Chairman.