

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, February 5, 1937, at 11:30 a. m.

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

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

Mr. Morrill stated that, in accordance with an informal request made by the Board some time ago, he called on Senator Glass on January 28 and advised him of the decision reached by the Board on May 12, 1936, that a portrait relief of President Wilson should be placed in one of the panels in the Constitution Avenue lobby of the Board's new building. Mr. Morrill said that he also advised Senator Glass that the Chairman of the Board had suggested, and the other members of the Board had agreed, that, following the retirement of the Senator from public office, a portrait relief of him should be placed in the remaining panel with a notation showing him to be the "Defender of the Federal Reserve System" with some appropriate additional inscription to be selected. Senator Glass, Mr. Morrill added, expressed appreciation of the Board's attitude toward him as evidenced by this action, and said that he would cooperate whenever the Board was ready to have the portrait made.

Unanimous approval was given to the placing of a portrait relief of Senator Glass, as outlined by Mr. Morrill, in the remaining panel in the main lobby of the new building upon the retirement of the Senator from public life, and authority

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was granted to take the necessary steps to have the portrait relief made with the understanding that the inscription to be used would be submitted to the Board for approval.

Consideration was then 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 February 4, 1937, were approved unanimously.

Telegrams to Messrs. Kimball, Strater and Young, Secretaries of the Federal Reserve Banks of New York, Cleveland and Chicago, respectively, and to Mr. Gilbert, First Vice President of the Federal Reserve Bank of Dallas, stating that the Board approves the establishment without change by the New York bank on February 4, 1937, and by the Cleveland, Chicago and Dallas banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated February 4, 1937, from Mr. Morrill recommending the temporary appointment for a period from February 8, 1937, and with salary at the rate of \$3,600 per annum, of Mr. John H. Pritchard to work out certain details in preparation for moving of the Board's offices to its new building, such work to consist principally of drawing plans for the proper arrangement of furniture and equipment in the new building, determining the outlets for electrical and telephone wiring, and such other duties of a generally related character as to require special technical

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experience and training to perform.

Approved unanimously.

Memorandum dated February 3, 1937, from Mr. Carpenter, Assistant Secretary, recommending that effective as of the date upon which she enters upon the performance of her duties, Miss Ruby S. Andrews be employed on a temporary basis as a file clerk to do typing work and assist the experienced file clerks in the Board's general files for such period as may be necessary to complete the work, and that her salary be fixed at the rate of \$100 per month.

Approved unanimously.

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

"Relet February first. Board interposes no objection to extension to July 31, 1937, of leave of absence granted Mr. Pitman in order that he might assist Federal Deposit Insurance Corporation, nor to previous ninety day extension granted by your directors."

Approved unanimously.

Letter to the board of directors of the "Arkansas Trust Company", Hot Springs National Park, Arkansas, 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 of the Federal Reserve Bank of St. Louis:

- "7. Such bank shall not, except to the extent usually necessary in the transaction of a banking or trust business, directly or indirectly, engage in the business of dealing in real estate, either for its own account or as agent for others, or of acting as agent for others in the renting of

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- "real estate or in the collection of rents thereon, and such bank shall not issue abstracts of title.
- "8. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures.
- "9. Such bank shall proceed as promptly as possible to close out the trust accounts now handled by the bank and to discontinue its trust department in accordance with the resolution adopted by the board of directors of such bank on June 16, 1936, and such bank shall not transact any trust business except such as is incidental to the proper handling of the trust accounts now on its books.
- "10. As soon as practicable, such bank shall reduce all investments which are in excess of the limits prescribed by the laws of the State of Arkansas to amounts within such limits.
- "11. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$5,427.39 as shown in the report of examination of such bank as of October 16, 1936, made by an examiner for the Federal Reserve Bank of St. Louis."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Arkansas Trust Company', Hot Springs National Park, Arkansas, 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 Bank Commissioner for the State of Arkansas for his information.

"Inasmuch as State member banks are now prohibited from purchasing corporate stocks except in the limited classes of cases in which national banks may do so, condition of membership numbered 2, as recommended by your Executive Committee, relative to the purchasing and acquiring of stocks has not been prescribed. In this connection, however, it is suggested that you call the provisions of Section 9 of the Federal Reserve Act to the attention of the management and suggest the desirability of disposing of such stocks as the bank now owns as soon as practicable to do so.

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"It has been noted that the statement of condition of the bank as of October 16, 1936, prepared by the cashier, did not reflect all of the liabilities to others of the insurance, title and real estate departments. Inasmuch as such liabilities are liabilities of the bank, they should be shown as such, and it is suggested that you request that the books be so kept that the assets and liabilities of the bank, including the assets and liabilities of the insurance department, may be properly shown in the bank's statement of condition.

"The papers submitted with the bank's application included copies of the resolutions adopted by its stockholders on April 19 and December 22, 1933, amending its Articles of Agreement and Incorporation. However, the certificates which the State Bank Commissioner has attached to such copies state that the resolutions were dated May 4 and December 28, 1933, and it will be appreciated if you will obtain and forward to the Board an appropriate clarification of these discrepancies."

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

"Reference is made to your letter of December 8, 1936, regarding the proposed retirement by the 'Wheeling Dollar Savings & Trust Co', Wheeling, West Virginia, of 500 shares of its own stock (par value \$50,000) acquired account of debts previously contracted.

"While detailed information, particularly regarding the necessity of the bank for acquiring such stock, has not been submitted for consideration by the Board, it has been noted that the bank is not subject to a condition of membership requiring the approval of the Board for a reduction in capital; that the proposed reduction is relatively small in amount and will not materially affect the position of the depositors; that you consider sale of the stock impracticable at the present time; and that, in your opinion, the proposed plan should be allowed to become effective. In the circumstances, the Board will interpose no objection to the proposed reduction in capital if the transaction is approved by the appropriate State authorities."

Approved unanimously.

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Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. Charles
Chairman.