

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, March 2, 1937, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. Davis

Mr. Morrill, 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:

Telegram to Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the bank today of the rates of discount and purchase in its existing schedule.

Approved unanimously.

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

"Reference is made to your letter of February 24 advising that on April 30, 1936 Mr. Charles A. Papenfuss was promoted from Assistant Chief Engineer to Chief Engineer, an appraised position, and that his salary was increased from \$3,900 to \$4,420 per annum without obtaining the Board's prior approval. It is noted that Mr. Papenfuss succeeded Mr. Vincent upon the latter's retirement and that Mr. Vincent's terminal salary was \$7,000.

"In view of the circumstances stated in your letter, the Board approves the payment of salary at the rate of \$4,420 per annum to Mr. Papenfuss."

Approved unanimously.

Memorandum dated February 27, 1937, from Mr. Smead, Chief of the

3/2/37

-2-

Division of Bank Operations, submitting a letter dated February 20 from Mr. Snyder, Vice President of the Federal Reserve Bank of Chicago, which requested approval by the Board of changes in the personnel classification plan of the Detroit Branch of the bank to provide for the creation of the new position of "Officer's Secretary" in the Stenographic Department with a maximum salary of \$2,160 per annum, and for a change in title of the position of "Purchasing and Stock Room Clerk", Purchasing and Stock Department, to "Supervisor", Service Department, and an increase in the maximum salary for that position from \$1,800 to \$2,520 per annum. The memorandum stated that the changes appeared to be logical and recommended that they be approved.

Approved unanimously.

Letter to Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, reading as follows:

"Referring to your letter of February 19, the Board approves the reappointment of Messrs. Wm. K. Norris, Jacob VanDyke, Maurice Weil, Henry S. Gray and M. E. Finch as members of the Industrial Advisory Committee for the Eighth Federal Reserve District to serve for terms of one year each beginning on March 1, 1937."

Approved unanimously.

Letter to Mr. J. F. T. O'Connor, Comptroller of the Currency, reading as follows:

"As you know, The Chase Bank, New York, N. Y., a wholly owned subsidiary of The Chase National Bank of the City of New York, was organized and is operating under the provisions of section 25(a) of the Federal Reserve Act and is subject

3/2/37

-3-

"to examination by the Board of Governors. The matter of having national bank examiners on foreign duty examine the Paris branch of The Chase Bank for the Board of Governors has heretofore been informally discussed by members of the Board's staff with Mr. Folger, who has stated that in all probability your examiners will be in Europe this summer engaged in the examination of European branches of national banks and has indicated that it might be possible to arrange for such an examination.

"The Board would like, if possible, to have your examiners, upon the occasion of their next trip to Europe, examine the Paris branch of The Chase Bank under an arrangement similar to that whereby the branch was previously examined by your examiners on foreign duty acting under commissions issued by the Board designating them as its examiners for the purpose of making such examination. As in the previous instance, your office would be reimbursed for the expense of the examination, which would be assessed against the bank.

"The Chase Bank also has branches in Shanghai, Hongkong, and Tientsin, China, and the Board would be pleased to have your examiners, when in those cities engaged in the examination of foreign branches of national banks, make examinations under the procedure outlined above of the Chinese branches of The Chase Bank.

"It will be appreciated if you will advise the Board whether the proposed arrangement meets with your approval, and, if so, the Board will arrange to issue its commissions to the examiners who will be assigned to the examinations."

Approved unanimously.

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

"The Board of Governors of the Federal Reserve System approves the application of 'The Norwood-Hyde Park Bank & Trust Company', Norwood, Ohio, for permission, under the provisions of its condition of membership numbered one, to exercise the fiduciary powers authorized under its charter and the laws of the State of Ohio. The Board's approval is given subject to acceptance by the bank of the following standard conditions prescribed in connection with the admission to membership of banks having trust powers:

1. Such bank shall not invest funds held by it as fiduciary in obligations of or property acquired



3/2/37

-4-

"from the bank or its directors, officers, employees, members of their families, or their interests, or in obligations of or property acquired from affiliates of the bank.

2. Such bank shall not invest funds held by the bank as fiduciary in participations in pools of mortgage bonds or other securities, and the securities and investments of each trust shall be kept separate from those of all other trusts and separate also from the properties of the bank itself; provided, however, that the Board of Governors of the Federal Reserve System will not object to the collective investment of trust funds where the cash balances to the credit of certain trust estates are too small to be invested separately to advantage, if the bank owns no participation in the securities in which such collective investments are made and has no interest in them except as trustee or other fiduciary, and if such collective investment is not prohibited by State law or the instrument creating the trust.
3. If funds held by such bank as fiduciary are deposited in its commercial or savings department or otherwise used in the conduct of its business, it shall deposit with its trust department security in the same manner and to the same extent as is required of national banks exercising fiduciary powers.

"You are requested to advise The Norwood-Hyde Park Bank & Trust Company of the Board's action, and to obtain an appropriate resolution of the board of directors of the bank accepting these conditions and forward a certified copy thereof to the Board.

"Condition numbered 3 above has been prescribed in accordance with the Board's usual practice in cases of this kind. However, since it is not understood that there has been any change in the laws of the State of Ohio under which a preference is given to trust funds in the event of liquidation of institutions exercising trust powers, you are requested to advise The Norwood-Hyde Park Bank & Trust Company, pursuant to the general instructions contained in the Board's letter to you of March 8, 1935, that, while compliance with such condition may be required by the Board at any time, compliance will be waived until further notice."

Approved unanimously.

Letter to the "West Palm Beach Atlantic National Bank", West Palm

3/2/37

-5-

Beach, Florida, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Florida, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

Thereupon the meeting adjourned.

Walter Morrie  
Secretary.

Approved:

W. C. ...  
Chairman.