

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, March 29, 1937, at 11:30 a.m.

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

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on March 26, 1937, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on March 27, 1937, were approved and the actions recorded therein were ratified unanimously.

Memorandum dated March 24, 1937, from Mr. Smead, Chief of the Division of Bank Operations, recommending that the Board authorize the temporary assignment to the Division of Mr. Frederick L. Alexander, Supervisor in the Bank Examinations Department of the Federal Reserve Bank of New York, for a period not to exceed two months, effective as of the date on which the New York bank can release him, to assist in drafting revised instructions governing the preparation of condition reports of State member banks of the Federal Reserve System. The memorandum also recommended that the Board authorize the reimbursement of

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the Federal Reserve Bank of New York for Mr. Alexander's salary at the rate of \$3,500 per annum during the two months' period and for a subsistence allowance at the rate of \$6.00 per day.

Approved unanimously.

Letter to the board of directors of "The First National Bank of Ketchikan", Ketchikan, Alaska, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The First National Bank of Ketchikan', Ketchikan, Alaska, for stock in the Federal Reserve Bank of San Francisco. The Federal Reserve Bank will advise you regarding the arrangements for payment for the appropriate amount of Federal Reserve bank stock and for the deposit of the required reserve balance. The time within which admission to membership in the Federal Reserve System may be accomplished is limited to 60 days from the date of this letter, unless the bank applies to the Board and obtains an extension of time. When the Board is advised that all arrangements have been completed and that the appropriate amount of Federal Reserve bank stock has been issued by the Federal Reserve Bank of San Francisco, the Board will forward to your bank a formal certificate of membership in the Federal Reserve System."

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

"The Board of Governors of the Federal Reserve System approves the application of 'The First National Bank of Ketchikan', Ketchikan, Alaska, for membership in the Federal Reserve System, and it is requested that you forward to the board of directors of that bank the inclosed letter advising of the Board's action. A copy of the letter is also inclosed for your files. It is requested that you advise the bank regarding the necessary arrangements for effecting payment for the appropriate amount of Federal Reserve bank stock and for the deposit of the required reserve balance.

"The Board has given consideration to the recommendation of the Reserve Bank Committee that certain conditions of membership be prescribed, but in view of the circumstances, including the fact that the applicant is a national

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"bank, feels that it is not necessary in this case to prescribe the conditions of membership usually prescribed for banks organized under the laws of the various states. Also, inasmuch as the national bank examiner has reported that the estimated losses shown in his report of examination of the bank as of October 29, 1936, were charged off during the examination, the customary condition of membership regarding the elimination of estimated losses has not been prescribed."

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

"This refers to your memorandum of April 4, 1936, on pages 4-A and 4-B of the report of examination of The Blackshear Bank, Blackshear, Georgia, as of March 9, 1936, relating to the possible affiliate relationship between A. P. Brantley Company and such bank.

"There is inclosed herewith a copy of the opinion of the Board of Tax Appeals holding that certain record transfers of the stock of A. P. Brantley Company by Archibald P. Brantley, Benjamin D. Brantley and Christian E. Purdom did not constitute gifts of such stock. In the light of the facts found by the Board of Tax Appeals, which are understood to be in substantial accordance with the facts alleged by the individuals making such record transfers, it appears that the stock in question is still owned or controlled by such individuals and should be so treated for the purpose of determining whether A. P. Brantley Company is an affiliate of The Blackshear Bank.

"If, on this basis, A. P. Brantley Company is an affiliate of The Blackshear Bank, the applicable requirements of law, of course, should hereafter be complied with. However, in the circumstances, it apparently would serve no useful purpose to make any requirement concerning reports which perhaps should have been furnished heretofore."

Approved unanimously.

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

"This refers to your letter of March 6, 1937, with inclosures, regarding certain organizations known as 'security trusts' in your District which you state in

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"your opinion are engaged in banking in violation of the laws of the State of Illinois as well as section 21 of the Banking Act of 1933.

"In connection with this matter, your attention is invited to the Board's letters of December 16, 1933, and August 25, 1934 (X-7729 and X-7999-a, respectively), with regard to possible violations of the provisions of section 21 of the Banking Act of 1933. Although this section of the law was amended by the Banking Act of 1935, the general principles expressed in such letters are still applicable since the determination of a question whether a violation of such section has occurred is a matter within the jurisdiction of the Department of Justice.

"It is assumed that the 'security trusts' to which you refer are not subjected by the law of the State of Illinois to examination and regulation and that they have not submitted to periodic examination by the banking authority of such State nor published periodic reports of condition. If this is the case, it is suggested that you report the matters referred to in your letter to the local United States Attorney and forward three copies of your report to the Board for transmission to the Attorney General in accordance with the Board's usual practice in cases of this kind.

"In connection with your request for information concerning the security trusts which you state have home offices located in Washington, D. C., you are advised that an investigation at such sources as occurred to us discloses that neither the National Exchange Trust System of Washington, D. C., nor Elmon Armstrong and Company have offices in Washington, D. C., nor does it appear that such organizations have been incorporated under the laws of the District of Columbia. However, the records of the Copyright Office of the Library of Congress disclose that on March 8, 1936, Elmon Armstrong (as Elmon Armstrong and Company), 502 West Locust Street, Bloomington, Illinois, obtained a copyright covering an Exchange-Trust Charter, Constitution, and By-laws, (Registration No. AA-203004), which documents appear to be identical with the photostatic copies of similar documents transmitted with your letter."

Approved unanimously.

Letter to Mr. J. R. Stephenson, Dunlap, Illinois, reading as

follows:

"Your letter of March 4, 1937, addressed to the Comptroller, the Federal Reserve Board, and Federal Deposit

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"Insurance Corporation was received at the offices of the Board of Governors. In response to the inquiry contained therein, you are advised that there is no rule or regulation of the Board of Governors of the Federal Reserve System which would forbid a member bank of the Federal Reserve System to refund interest which it has charged on a loan if the member bank, in the exercise of its judgment, should determine to do so. The question whether any such refund should be made is not a matter within the jurisdiction of the Board of Governors and no opinion is expressed with reference to the question."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley  
Secretary.

Approved:

W. C. C. C.  
Chairman.