

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 18, 1937, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. Broderick
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 May 17, 1937, were approved unanimously.

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. Hill, Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Reference is made to your letters of April 30 and May 11, 1937, regarding the modification or cancelation of condition of membership numbered 8 to which the "Industrial Trust Company", Wilmington, Delaware, is subject, and which reads as follows:

'Except with the approval of the Federal Reserve Board, the ratio of industrial department or small loans to your aggregate unimpaired capital, surplus and undivided profits and time deposits will not exceed the ratio existing February 11, 1930.'

5/18/37

-2-

"The Industrial Trust Company was admitted to membership in 1930, and since that time the Federal Reserve Act has been amended to provide specifically for the admission to membership in the System of Morris Plan banks and other incorporated banking institutions engaged in similar business, as a result of which the trust company would be eligible for admission to membership at this time without any restriction on the volume of its industrial loans.

"In view of the circumstances, including your comments regarding the bank and its management, the Board, in accordance with your recommendation, cancels condition of membership numbered 8 which was accepted by the Industrial Trust Company. Please advise the trust company accordingly."

Approved unanimously.

Letter to "The First National Bank of Lake City", Lake City, Florida, reading as follows:

"This refers to the resolution adopted on March 5, 1937, by the board of directors of your bank signifying the bank's desire to surrender its right to exercise the trust powers which have heretofore been granted to it by the Federal Reserve Board, now known as the Board of Governors of the Federal Reserve System.

"The Board understands that your bank has been discharged or otherwise properly relieved in accordance with the law of all of its duties as fiduciary. The Board, therefore, has issued a formal certificate to your bank certifying that it is no longer authorized to exercise any of the fiduciary powers covered by the provisions of section 11(k) of the Federal Reserve Act, as amended. This certificate is inclosed herewith.

"In this connection, your attention is called to the fact that, under the provisions of section 11(k) of the Federal Reserve Act, as amended, when such a certificate has been issued by the Board of Governors of the Federal Reserve System to a national bank, such bank (1) shall no longer be subject to the provisions of section 11(k) of the Federal Reserve Act or the regulations of the Board of Governors of the Federal Reserve System made pursuant thereto, (2) shall be entitled to have returned to it any securities which it may have deposited with the State or similar authorities for the protection of private or court trusts, and (3) shall not exercise any of the powers

5/18/37

-3-

"covered by section 11(k) of the Federal Reserve Act except with the permission of the Board of Governors of the Federal Reserve System.

"In your letter of February 12, 1937, to the Federal Reserve Bank of Atlanta, you requested that the certificate certifying that your bank had surrendered its trust powers be issued in duplicate in order that you might file one copy with the State authorities and retain one in your files. Accordingly, in addition to the original certificate mentioned above, a certified copy of such certificate is inclosed."

Approved unanimously.

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

"Reference is made to your letter of May 7 in connection with deficiencies in reserves of the Farmers State Bank, Belvidere, Illinois, during the semi-monthly reserve computation periods ended on April 15 and April 30.

"It is noted that the deficiencies were caused through errors in the semi-monthly reports, which have since been corrected, and that this is the first time the bank has been deficient in reserves since it became a member of the Federal Reserve System. In view of these circumstances, the Board will interpose no objection to your waiving the penalties referred to."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrill
Secretary.

Approved:

W. Schaller
Chairman.