

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 19, 1937, at 3:00 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 18, 1937, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System with the Federal Advisory Council held on May 18, 1937, were approved unanimously.

Telegrams to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, and Mr. Helm, Vice President of the Federal Reserve Bank of Kansas City, stating that the Board approves the establishment without change by the respective banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Thomas, Federal Reserve Agent at the Federal Reserve Bank of Kansas City, reading as follows:

"This is to advise you that the Board approves the bond which was forwarded with Mr. Worthington's letter of May 13, 1937, and which was executed on May 11, 1937, by

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"Mr. Thomas Bruce Robb and the Standard Accident Insurance Co., Detroit, Michigan, covering Mr. Robb as Alternate Assistant Federal Reserve Agent at the Federal Reserve Bank of Kansas City."

Approved unanimously.

Letter to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"In accordance with the request contained in your letter of May 13, the Board approves the designations of the employees listed as assistant examiners for the Federal Reserve Bank of Minneapolis. The designations of these employees as assistant examiners is in order that they may be available to lend temporary assistance to your regular examiners and such designations have been approved with the understanding that none of the employees involved will be transferred permanently to examining work without the Board's approval."

Approved unanimously.

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

"In accordance with your recommendation, the Board approves the establishment and operation by 'The Cleveland Trust Company', Cleveland, Ohio, of a branch at Parma, Ohio, provided the establishment of such branch, in the opinion of your counsel, conforms with the requirements of the Federal Reserve Act and the applicable provisions of the laws of the State of Ohio. Please forward a copy of such opinion to the Board, together with a copy of the approval given to the establishment of the branch by the State Superintendent of Banks. In future cases of this kind, it will be appreciated if, as requested in the Board's letter of February 9, 1934 (X-7786), you will transmit the opinion of your counsel to the Board at the same time that you forward the application to establish the branch.

"It is noted that Form St. 6386e, which your bank forwarded to the Board in July, 1933, refers to the establishment of a 'Shaker Square Office' on June 19, 1933, and describes such office as a local branch in the same city as the parent bank. The information submitted with your letter of May 4, 1937, also refers to a branch which the bank established on June 19, 1933, at 34 Shaker Square, Shaker Heights, Ohio, indicating that Shaker Heights may be outside

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"of the corporate limits of the City of Cleveland. The bank has not received permission under section 9 of the Federal Reserve Act to establish an out-of-town branch at Shaker Heights, and it will be appreciated if you will advise definitely whether the Shaker Square branch is within the corporate limits of the City of Cleveland. It will be appreciated, also, if, as requested in the telegram dated May 10, 1937, you will forward definite advice as to the number and location of all branches of the Cleveland Trust Company located outside the corporate limits of Cleveland."

Approved unanimously.

Letter to "The National Bank of Lorain", Lorain, Ohio, 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, 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 Ohio, 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.

Letter to Mr. Wm. Linker, Wm. Linker Company, Inc., Philadelphia, Pennsylvania, reading as follows:

"This refers to your letter of May 7, 1937, in which you ask for the statutory authority under which a bank may refuse to refund unearned discount to a borrower who pays off his note prior to maturity.

"The Board of Governors knows of no statute which would forbid a member bank of the Federal Reserve System to refund unearned interest or discount which it has previously charged

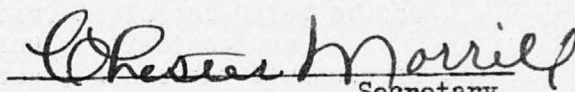
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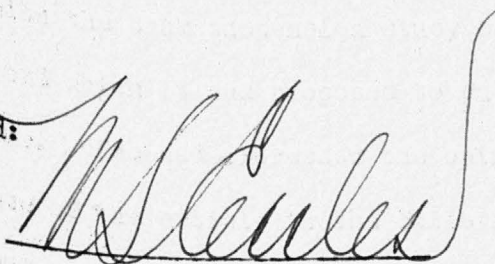
"on a loan if the bank, in the exercise of its judgment, should determine so to do. The question whether any such refund should be made is not a matter within the jurisdiction of the Board of Governors and no opinion is expressed with reference to the question."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Chairman.