

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, June 26, 1937, at 11:30 a. m.

PRESENT: Mr. Broderick  
Mr. Szymczak

Mr. Morrill, Secretary  
Mr. Bethea, 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:

Letter to Mr. Rounds, Vice President of the Federal Reserve Bank of New York, stating that the Board approves certain changes in the personnel classification plans of the head office and its Buffalo branch, as requested in his letters of May 25 and June 8, 1937. The letter also stated that the Board approves the payment of salaries at the rate of \$5,250 per annum each to Messrs. William A. Heintz, Chief of the Personnel Division, and William C. Morgan, Purchasing Agent, both of which salaries are \$250 in excess of the maximums provided for the positions occupied.

Approved unanimously.

Letter to Mr. Sargent, Vice President of the Federal Reserve Bank of San Francisco, reading as follows:

"Reference is made to your letter of June 10, 1937, with inclosures, regarding the desire of the management of the Coffman-Dobson Bank & Trust Company, Chehalis, Washington, a member bank, to consolidate with it its three small affiliated banks which are insured nonmember institutions, and to establish branches at the location of the three banks. According to the information submitted, the bank has sufficient capital under State law to convert the three banks into branches, and the State Banking Department believes that the proposed program would be advantageous, which is in accordance with your views, and has approved the conversion of the banks into branches subject to any objection that might be interposed by the Federal Reserve Bank or by the Federal Deposit Insurance

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"Corporation.

"However, according to the report of examination of the member bank as of February 2, 1937, the bank's capital stock and capital debentures issued to the Reconstruction Finance Corporation amounted to only \$284,300, and as you have pointed out in your correspondence with the member bank, under the provisions of the Federal Reserve Act it cannot establish such branches unless the capital of the bank is increased to not less than \$500,000, and the Board has no authority under the law to waive such capital requirements. Your letter dated June 10 to the bank seems to cover the situation, and the Board has no suggestions to offer with respect to further comments to the bank."

Approved unanimously.

Letter to the Presidents of all Federal reserve banks, reading as follows:

"The Board's letter dated July 10, 1936, X-9647, relates to cooperation with the Federal Deposit Insurance Corporation in connection with the applications of insured nonmember banks for membership in the System. Admission of a noninsured bank to membership in the System automatically gives the bank the benefits of deposit insurance through the Federal Deposit Insurance Corporation, and it is felt that the cooperation of the Federal Reserve banks with the Federal Deposit Insurance Corporation in the manner outlined in the letter X-9647 with respect to applications for membership should be extended to cover applications of noninsured banks as well as applications of insured nonmember banks.

"Accordingly it is requested that, in connection with an application of a noninsured bank, which would include a newly organized bank which expected to open for business as a member bank, the Federal Reserve bank communicate with the supervising examiner of the Federal Deposit Insurance Corporation in order that the Reserve bank might be furnished with any information available to the Corporation which might be helpful in considering the application. It is requested, also, that when applications of noninsured banks for membership in the System are forwarded to the Board, the data accompanying the applications include reference to the information, advice, or suggestions received from the supervising examiner of the Federal Deposit Insurance Corporation with respect to the application."

Approved unanimously.

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Memorandum dated June 22, 1937, from Mr. Smead, Chief of the Division of Bank Operations, referring to the action taken by the Board on June 15 in approving the publication in the July issue of the Federal Reserve Bulletin of a statement as an introduction to special articles subsequently to appear in the Bulletin from time to time, and stating that because of the fact that a clearance has not yet been received from the Federal Deposit Insurance Corporation on the statistical analysis of the banking structure referred to in the statement, a large part of which analysis was based on data taken from the condition reports of insured nonmember banks, it was too late to publish the analysis in the July issue of the Bulletin, and that, therefore, it was assumed that it would be satisfactory to the Board if the statistical analysis of the banking structure as of December 31, 1935, was published in the August issue of the Federal Reserve Bulletin.

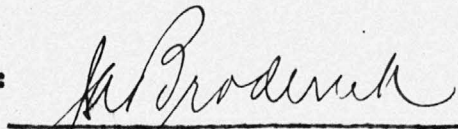
Approved unanimously.

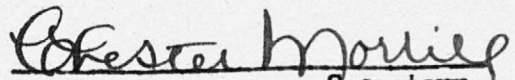
Memorandum dated June 24, 1937, from Mr. Foulk, Fiscal Agent, recommending, for the reasons stated in the memorandum, that the office of the Fiscal Agent be authorized to incur an expense of \$198.00, over and above the amount contained in the current budget, for the purchase of a new adding machine for use in that office.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

  
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 Member.

  
 Secretary.