

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, July 9, 1937, at 11:30 a. m.

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

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 June 30, 1937, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on July 1, 2, 6, 7 and 8, 1937, were approved and the actions recorded therein were ratified unanimously.

Telegrams to Messrs. Kimball, Strater and Young, Secretaries of the Federal Reserve Banks of New York, Cleveland and Chicago, respectively, stating that the Board approves the establishment without change by the New York bank on July 8, 1937, and by the Cleveland and Chicago banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to the board of directors of the "City Bank and Trust Company of Moberly", Moberly, Missouri, stating that, subject to the conditions of membership numbered 1 to 3 contained in the Board's Regu-

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lation H and the following special condition, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of St. Louis:

- "4. Such bank shall make adequate provision for depreciation in its furniture and fixtures."

Approved unanimously for transmission
through the Federal Reserve Bank of St.
Louis.

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

"Reference is made to your letter of June 8, 1937, transmitting the application of 'The Gainesville National Bank', Gainesville, Georgia, for authority to act as trustee under the provisions of a mortgage or deed of trust executed by the Gainesville Replacement Homes, Incorporated, and made to secure an issue of notes, all of the outstanding notes being held and owned by the R. F. C. Mortgage Company.

"The Board has given consideration to this application and, in view of the unfavorable information concerning the management of the applicant contained in the report of examination as of April 21, 1937, made by a national bank examiner, is unwilling to grant the desired authority. You are requested, therefore, to advise The Gainesville National Bank that the Board has denied its application."

Approved unanimously.

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

"Receipt is acknowledged of your letters of July 6 and 8, 1937, and inclosures, referring further to the proposed renewal of the central bank credits to the National Bank of Hungary maturing on July 18, 1937, which was approved in principle in the Board's letter of June 21, 1937.

"It is noted that the National Bank of Hungary has implied its willingness to eliminate those clauses in the agreement of November 6, 1933, which would permit the National Bank of Hungary, in its discretion, to postpone transfer of payments due on interest or principal, and has agreed to make annual payments of 5% each instead of $4\frac{3}{4}\%$ as originally proposed, but has stated that it is unable to agree to the pro-

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"vision for reconsideration of the agreement, at the creditors' option, at the end of one and two years, as had been suggested to the Bank for International Settlements by your bank. It is also noted that the Bank for International Settlements has expressed the opinion that the National Bank of Hungary is making the best offer it can, and that the other main participants are prepared to accept the proposal.

"The Board approves the action taken by your directors in authorizing the officers of your bank to agree to the renewal of the outstanding central bank credits to the National Bank of Hungary for a period of three years from July 18, 1937, on the basis and subject to the terms and conditions outlined in your letter of July 8 to the Board and in your telegram of the same date to the Presidents of the Federal reserve banks, with the understanding that you will have obtained the assent of the other Federal reserve banks thereto before you advise the Bank for International Settlements in the premises.

"The Board also approves the participation by the other Federal reserve banks in the renewal of the Hungarian central bank credits on the revised basis, and is advising them today by letter accordingly."

Approved unanimously.

Reply to a telegram just received from Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, stating that he would be in Helena on July 14, 1937, and that if he could not consummate the purchase of the Montana Life Insurance building, it was essential that the bank exercise an option which it holds on a building site. The telegram also stated that Mr. Peyton proposed to present the matter to his directors at their meeting on July 12 and that he would like to be advised whether the Board sanctions the final payment for the property under option. (An option on the building site referred to, which is near the Helena Post Office, was taken by the bank after informal approval was given by the Board of Governors to the purchase or erection by the Minneapolis bank of a new branch building at Helena. The purchase

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price of the building site was \$15,000, of which \$750 was paid at the time the option was obtained by the bank.) The reply stated that in the event Mr. Peyton is unable to satisfactorily consummate the purchase of the Montana Life property, the Board sanctions the final payment by the bank for the building site under option.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morice
Secretary.

Approved:

W. S. ...
Chairman.