

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, July 21, 1937, at 11:45 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  
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 July 20, 1937, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, and Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, stating that the Board approves the establishment without change by the banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated July 17, 1937, from Mr. Goldenweiser, Director of the Division of Research and Statistics, referring to the action taken by the Board on March 15 and April 10, 1937, authorizing him to negotiate with the Federal Reserve Bank of San Francisco for the services of Mr. Merritt Sherman, Assistant Chief of the Division of Research of the bank, for a period of three months, to assist Mr. Blattner, Assistant Director of the Division of Research and Statistics, on the Bank Suspension Study,

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and recommending that, as it does not appear desirable for him to discontinue his work on the project in order to limit his service to three months, such period be extended for not to exceed fifteen days from July 19, 1937.

Approved unanimously.

Memorandum dated July 19, 1937, from Mr. Morrill recommending that Miss Catherine Burke, a telephone operator at the Treasury exchange, whose salary at the rate of \$1,800 per annum has been paid by the Board for several years, be continued on the Board's payroll, with no change in her present salary, and that she be placed in charge of the switchboard at the new building. The memorandum also recommended the appointment of Mrs. Flora J. Griffith as a telephone operator at the new building, with salary at the rate of \$1,380 per annum, effective as soon as her services may be required after having passed satisfactorily the usual physical examination.

Approved unanimously.

Memorandum dated July 20, 1937, from Mr. Morrill, recommending the appointment of Mr. Morris R. Mayhew as landscape gardener at the Board's new building, with salary at the rate of \$1,500 per annum, effective as of the date he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

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Letter to the board of directors of "The State Bank of Vassar", Vassar, Michigan, stating that, subject to the conditions of membership numbered 1 to 3 contained in the Board's Regulation H, 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 Chicago.

Approved unanimously, for transmission through the Federal Reserve Bank of Chicago.

Letter to the board of directors of the "First-Owensboro Bank & Trust Company", Owensboro, Kentucky, stating that, subject to the conditions of membership numbered 1 to 6 contained in the Board's Regulation H, and the following special conditions, 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:

- "7. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures.
- "8. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$9,252.68 in loans and \$92.89 in tellers' differences, and shall restore \$4,372.89 of inactive accounts which were previously credited to profit and loss, all as shown in the report of examination of such bank as of March 13, 1937, made by an examiner for the Federal Reserve Bank of St. Louis."

Approved unanimously, together with a letter to Mr. Martin, President of the Federal Reserve Bank of St. Louis, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of the 'First-Owensboro Bank & Trust Company', Owensboro, Kentucky, for membership in the Federal Reserve System, subject to the conditions prescribed in the inclosed letter which you are requested to forward to

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"the board of directors of the institution. Two copies of such letter are also inclosed, one of which is for your files and the other of which you are requested to forward to the Banking & Securities Commissioner for the Commonwealth of Kentucky for his information.

"It will be noted that the Board has not prescribed the special condition of membership recommended by your Committee restricting the bank in the exercise of certain powers which it possesses under its articles of incorporation but was not exercising at the time of its application for membership. In this connection, the Board has taken the position that in cases where applying banks are not exercising any unusual powers special conditions are unnecessary inasmuch as the matter is covered by condition of membership numbered 1. Therefore, in lieu of prescribing a special condition, in the letter to the bank particular attention is called to the provisions of that condition.

"In the report of examination as of March 13, 1937, the examiner lists certain assets totaling \$47,143.80 as unacceptable, and the copy of the memorandum, included in the report, of a conference with the management by Mr. Wood and members of his staff indicates that certain of these assets will be eliminated immediately and the remainder will either be placed in acceptable form or eliminated within one year. It is assumed, of course, that the fulfillment of the agreement will be followed to a satisfactory conclusion.

"It has been noted from the report of examination by the Federal Deposit Insurance Corporation, as of the same date as the membership examination, that several accounts of partnerships or corporations operated for profit are carried as savings deposits. It is assumed that if the bank is admitted to membership its attention will be called to the fact that accounts which do not qualify as savings accounts under the provisions of the Board's regulations should be carried in some other manner."

Mr. Morrill submitted a recommendation, which had been approved by the Personnel Committee, that the Board authorize the payment of a voucher submitted by Paul P. Cret, Architect for the Board's new building, in the amount of \$1,239.58, covering travel expenses, special inspection fees and certain miscellaneous expenses in connection with architectural services on the building, as listed in the memorandum

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submitted by Mr. Cret. The voucher was submitted to the Board for approval for the reason that it included two \$50 fees in connection with two inspection trips to Washington by Mr. Moody of Moody & Hutchinson, consulting mechanical engineers employed by the architect. While the contract with the architect made no provision for fees for the consulting mechanical engineers, it was felt by Messrs. Cret and Kramer that Mr. Moody's trips were necessary in connection with the proper supervision of construction and that, therefore, the fees should be paid by the Board.

Approved unanimously.

Mr. Morrill submitted a recommendation, which had been approved by the Personnel Committee, that the Board authorize the purchase of combination towel cabinets and waste receptacles, and paper towel cases, as listed in purchase order No. 1798, at a total cost of \$393.06, and of certain janitors' supplies from the Procurement Division of the Treasury Department, as listed in purchase orders Nos. 199 and 200, for use in the Board's new building.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrill  
Secretary.

Approved:

W. C. Cret  
Chairman.