

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 12, 1937, at 2:30 p. m.

PRESENT: Mr. Eccles, Chairman
 Mr. Ransom, Vice Chairman
 Mr. Szymczak
 Mr. McKee
 Mr. Davis

Mr. Morrill, Secretary
 Mr. Bethea, Assistant Secretary
 Mr. Carpenter, Assistant Secretary
 Mr. Clayton, Assistant to the Chairman
 Mr. Thurston, Special Assistant to the
 Chairman
 Mr. Wyatt, General Counsel
 Mr. Dreibelbis, Assistant General Counsel
 Mr. Vest, Assistant General Counsel

There was presented a memorandum dated August 5, 1937, from Mr. Smead, Chief of the Division of Bank Operations, recommending that, for the reasons set forth in the memorandum, the participations (approximately \$2,500,000) of the Federal reserve banks in the central bank credits to the National Bank of Hungary, which are now included in the item "Bills bought in open market" in the weekly press statement of condition of Federal reserve banks, be included in the item in the statement entitled "All other assets", effective as of such date as may be agreed upon with the Federal Reserve Bank of New York.

Upon motion by Mr. Szymczak, the recommendation was approved unanimously.

At this point Messrs. Thurston, Wyatt, Dreibelbis, and Vest left the meeting and consideration was then given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

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The minutes of the meeting of the Board of Governors of the Federal Reserve System held on August 11, 1937, were approved unanimously.

Telegram to Mr. Leach, President of the Federal Reserve Bank of Richmond, 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.

Memorandum dated August 10, 1937, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending the appointment for a probationary period of eight months of Mr. R. L. Horne as a Senior Economist in the Division, with salary at the rate of \$5,000 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical examination.

Approved unanimously.

There was submitted a recommendation from Messrs. Spurney and Koppang that the following persons, who had been selected in accordance with the authority granted by the Board on July 12, 1937, and who had passed satisfactory physical examinations, be appointed as charwomen in the Board's new building, each with salary at the rate of 50¢ per hour, effective as of August 12, 1937:

Mrs. Alice K. Bardales
Mrs. Mary A. Brazinski

Mrs. Birdie L. Crist
Mrs. Elizabeth R. Stone

Approved unanimously.

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Letter to the board of directors of the "Citizens Bank", Hebron, Indiana, stating that, subject to the conditions of membership numbered 1 to 3 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 Chicago:

- "4. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures.
- "5. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$4,158.31, as shown in the report of examination of such bank as of June 22, 1937, made by an examiner for the Federal Reserve Bank of Chicago."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Citizens Bank', Hebron, Indiana, for membership in the Federal Reserve System, subject to the conditions prescribed in the inclosed letter which you are requested to forward to 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 Director, Department of Financial Institutions of the State of Indiana, for his information.

"Your attention is called to the fact that stock of the Federal Reserve Bank should be issued to the applicant on the basis of capital of \$74,800 (including \$24,800 capital debentures sold to the Reconstruction Finance Corporation).

"It has been noted that the reports and statements of the bank do not reflect the full amount of its outstanding common stock and capital debentures sold to the Reconstruction Finance Corporation but do reflect undivided

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"profits. In this connection, as you know, the bank will be required if it becomes a member of the System to make and publish reports in the form prescribed by the Board for other State member banks under the provisions of Section 9 of the Federal Reserve Act. Accordingly, in order to avoid any misunderstanding, it is suggested that you call to the attention of the bank the form of report now required by the Board under the provisions of Section 9 of the Federal Reserve Act (Form 105)."

Thereupon the meeting adjourned.

Greene Morril
Secretary.

Approved:

M. S. [Signature]
Chairman.