

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, August 25, 1937, at 11:30 a. m.

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

Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary

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. Young, Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Reference is made to the report of examination of the 'Gary-Wheaton Bank', Wheaton, Illinois, as of May 22, 1937, and the supplemental information submitted in connection therewith.

"The bank was admitted to membership August 13, 1936, and condition of membership numbered 8 provided that within six months from date of admission to membership the bank should effect the removal from its banking quarters of the Wheaton Mortgage Company. It appears that the bank planned to comply with the condition by remodeling the banking room in order to separate the mortgage company from the banking quarters, but has abandoned that plan and has advised that the mortgage company will move to new quarters as soon as suitable quarters are available. It is assumed that the move will be effected within a reasonably short time, and in view of the circumstances, the Board will make no requirement at this time regarding compliance with condition of membership numbered 8. It will be appreciated, however, if you will follow the matter and advise the Board as to developments.

"It appears that the bank has not complied with condition of membership numbered 7 but is now endeavoring to do so by having the stock certificates indorsed with a legend regarding the rights of the holders of the depositors' deferred certificates and the shareholders' certificates of capital contribution. Under the terms of the condition,

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"however, until all stock certificates are properly indorsed, all published statements of condition must include appropriate information showing the relation of the rights of the holders of the outstanding deferred certificates and shareholders' certificates of capital contribution to the rights of stockholders. Incidentally, the cashier reports in his letter of July 22, 1937, that the legend is being indorsed on the reverse side of the stock certificates. The purpose of the condition was to provide that the stockholders be placed on notice and given information regarding the outstanding deferred certificates above referred to. The purpose of the condition would be defeated if the indorsement on the stock certificates is not clear and legible and it would seem to be more in keeping with the spirit of the condition if the indorsement in this and in other similar cases be on the face of the stock certificate rather than the reverse.

"It has been understood that the Illinois State Banking Department requires that reports of condition submitted to it include a footnote showing the amount of deferred certificates outstanding payable out of earnings and in any event before any distribution to stockholders as such and it will be appreciated if you will advise whether the Gary-Wheaton Bank has complied with the State requirement in that respect."

Approved unanimously.

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

"Reference is made to your letter of August 13, 1937, stating that you do not construe the Board's letter of September 19, 1934 (X-8012) as requiring you to file with this office each year a list of member banks in your district grouped according to combined capital and surplus in the manner outlined in the Board's letter of October 12, 1928 (X-6159).

"It is not necessary to submit such a list each year. When in your opinion a reclassification of member banks for electoral purposes is desirable full information should, of course, be submitted with your recommendation."

Approved unanimously.

Letter to Dr. Harold Stonier, Director, The Graduate School of Banking, New York, New York, reading as follows:

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"Reference is made to your letter of August 14 to Mr. Kennedy regarding copies for the use of students of the Graduate School of Banking of the 'Analyses of the Banking Structure' contained in the August 1937 Federal Reserve Bulletin.

"While we have on hand a rather liberal stock of the August 1937 Federal Reserve Bulletin, it is not large enough to cover your request for 700 copies in addition to the usual demand for copies of the Bulletin. It was contemplated, however, at the time these tabulations were published, that reprints would be made of them if there were sufficient requests for the material. It has now been decided to order 3,000 reprints of the 'Analyses of the Banking Structure', and 700 copies of them will be made available to the Graduate School of Banking at the cost of printing and paper. By ordering 3,000 copies the cost per copy is reduced substantially, the cost for 700 copies on this basis being about \$42. If you desire the 700 copies at this price, we shall be glad to furnish them to you."

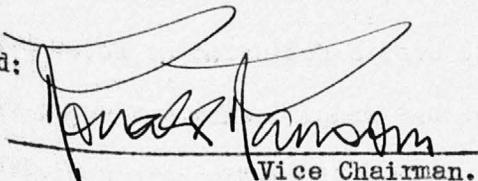
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.