

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, August 31, 1937, at 3:30 p. m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak

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:

Telegram to Mr. Martin, President of the Federal Reserve Bank of St. Louis, reading as follows:

"In accordance with your recommendation of August 25, 1937, the Board will interpose no objection under the condition of membership to the expenditure by 'Citizens Bank', Hartford, Kentucky, of approximately \$4,000 for the purchase of the building in which the bank has its quarters. Please advise the bank accordingly."

Approved unanimously.

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

"This refers to your letter of August 13, 1937, relating to the right of 'The First National Bank of Miami', Miami, Florida, to exercise fiduciary powers. It appears that on May 27, 1924, the Board granted the bank a permit entitling it to exercise full fiduciary powers, but that the bank has never exercised any of such powers. The bank inquires what additional requirements must be complied with in order to complete its qualifications to act in a fiduciary capacity.

"A permit granted pursuant to the provisions of section 11(k) of the Federal Reserve Act is for an indefinite time. It has not been the Board's practice to require that a bank to which such a permit is granted thereupon formally

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"accept the permit or otherwise evidence an acceptance. Further, it is the Board's opinion that when a bank applies for such a permit and it is granted by the Board unconditionally, the grant of authority to exercise the powers named in such permit is complete and it is immaterial whether the bank thereupon evidences an acceptance of the permit. Accordingly, the Board is of the opinion that it is not necessary for The First National Bank of Miami to obtain a new permit in order to exercise fiduciary powers.

"However, before undertaking to exercise such powers, the bank must comply with the requirements of section 11(k) of the Federal Reserve Act and section 13 of Regulation F concerning the deposit of securities with the State authorities, and also with the requirements of section 6 of Regulation F concerning the establishment of a separate trust department and related matters."

Approved unanimously.

Telegram to Mr. Peyton, President of the Federal Reserve Bank of Minneapolis, reading as follows:

"Your telegram August 28, re holding securities in custody for F.D.I.C. as receiver of a member bank. Matter has been discussed informally with Mr. Tefft of F.D.I.C. It is understood that F.D.I.C. is considering the whole matter of handling of securities of banks of which it is receiver and that proposed plans will be discussed with the Board before adoption. Pending developments and further advice, Board will interpose no objection in the circumstances to the Reserve Bank continuing to hold securities in custody for account F.D.I.C. as receiver of a member bank."

Approved unanimously.

There was submitted a recommendation that the Board authorize the payment of vouchers totaling \$8,207.41, covering rent due for the space occupied by the Board in the Washington and Shoreham Buildings during the month of August, 1937.

Approved unanimously.

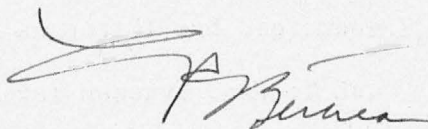
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There was submitted a recommendation, which had been approved by the Personnel Committee, that the Board authorize the purchase of two rugs, as listed in purchase order No. 2055, at a total cost of \$543.40.

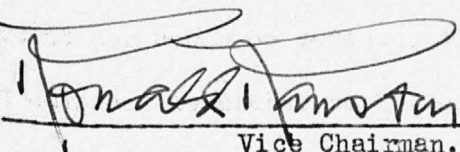
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:


Vice Chairman.