

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, September 23, 1937, at 11:30 a. m.

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

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 September 22, 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.

There was submitted a recommendation from Messrs. Spurney and Koppang that Mrs. Clara E. Mock and Mrs. Mary J. Enrico, 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, to take the place of two charwomen who had resigned, each with salary

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at the rate of 50¢ per hour, effective as of September 23, 1937.

Approved unanimously.

Letter to "The Citizens National Bank in Gastonia", Gastonia, North Carolina, reading as follows:

"The Board of Governors of the Federal Reserve System has given consideration to your application for permission to exercise fiduciary powers, and grants you authority to act when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of North Carolina, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"This letter will be your authority to exercise the fiduciary powers granted by the Board pending the preparation of a formal certificate covering such authorization, which will be forwarded to you in due course."

Approved unanimously.

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

"Further reference is made to your letter of August 9, 1937 regarding the applicability of section 32 of the Banking Act of 1933 to Mr. Frederick Osborn, who is a director of The Fifth Avenue Bank of New York, and a special partner in the firm of G. M.-P. Murphy & Co., both of New York, New York.

"The memorandum opinion of counsel to your bank which you inclosed summarizes the information which you have received regarding the business of the firm and discusses the question whether it is 'primarily' engaged in the types of business referred to in section 32. The information shows that the types of business described in that section produced 16.3 per cent of the total gross income of the firm for the year 1935, 22.6 per cent for the year 1936, and 17.1 per cent for the first four months of 1937. The percentages for the years 1933 and 1934 were very much lower.

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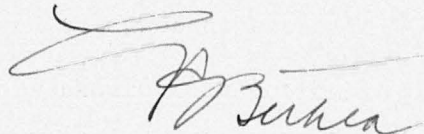
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"In discussing the question whether the figures for the later years should be regarded as more indicative of the nature of the business of the firm than the figures for the previous years, your counsel points out that the February 1, 1937 issue of the 'Monthly Review of Credit and Business Conditions' published by your bank indicates that for the first year since 1930 offerings of domestic securities approximated normal volume in 1936, and therefore concludes that in the case of G.M.-P. Murphy & Co., the figure of 22.6 for the year 1936 should be regarded as more truly indicative of the nature of the business of the firm than the figures for the previous years.

"On the basis of these considerations your counsel reaches the conclusion, with which you agree, that G.M.-P. Murphy & Co., should be regarded as now being 'primarily engaged' in the types of business specified in section 32, and that therefore Mr. Osborn may not legally continue to be at the same time a special partner in that firm and a director of The Fifth Avenue Bank of New York. You are advised that the Board agrees with this conclusion."

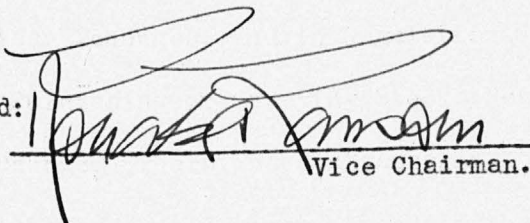
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Vice Chairman.