

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, October 1, 1937, at 11:30 a. m.

PRESENT: Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, 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:

Telegrams to Mr. Kimball, Secretary of the Federal Reserve Bank of New York, Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, and Mr. Taylor, Cashier of the Federal Reserve Bank of Cleveland, stating that the Board approves the establishment without change by the New York bank on September 30, 1937, and by the Philadelphia and Cleveland banks today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated September 28, 1937, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mr. Thomas M. Parsons, who has been employed on a temporary basis as a junior economist in the Division, be appointed on a permanent basis, with no change in his present salary at the rate of \$2,400 per annum, effective at the expiration of his temporary appointment on October 11,

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1937, subject to his passing satisfactorily the usual physical examination.

Approved unanimously.

Telegram to Mr. Harrison, President of the Federal Reserve Bank of New York, reading as follows:

"On the basis of information submitted by your bank and recommendation of your executive committee the Board of Governors of the Federal Reserve System approves the application made on behalf of 'First Bank and Trust Company', Perth Amboy, New Jersey, for stock in the Federal Reserve Bank of New York, effective if and when the bank is authorized to commence business by the Commissioner of Banking and Insurance of the State of New Jersey, subject to the conditions of membership numbered 1 to 6 contained in the Board's regulation H and the following special conditions:

7. Such bank shall, at the time of admission to membership, have a paid-in capital of not less than \$100,000 and surplus of not less than \$50,000 and shall, within sixty days from the date of admission to membership, increase its capital by not less than \$750,000.
8. Prior to their becoming effective, any agreements and contracts entered into between such bank and The First National Bank of Perth Amboy, Perth Amboy, New Jersey, covering the purchase of assets from, and the assumption of liabilities of, the national bank, and any and all other agreements entered into by the new bank incident to its organization, shall be satisfactory to the counsel for the Federal Reserve Bank of New York, and prior to admission to membership, the First Bank and Trust Company shall deliver two certified copies of its charter, together with any amendments thereto, to such Federal Reserve Bank.

"Since the application for membership was made on behalf of the First Bank and Trust Company prior to its organization, it is requested that, in connection with the acceptance of the conditions of membership prescribed by the Board, the board of directors of the bank ratify the action which has been

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"taken on its behalf in making application for membership in the Federal Reserve System.

"It is understood that the bank will be vested with authority to exercise trust powers and in the event these powers are exercised, the Board will expect the bank to conduct the operations of its trust department in accordance with approved trust practices. The Board also feels that, if the bank is tendered any of the trusts now held by The First National Bank of Perth Amboy, The Raritan Trust Company of Perth Amboy, or the Perth Amboy Trust Company, all of Perth Amboy, New Jersey, it should carefully scrutinize their condition and should not accept any such trusts which, through their assumption, may be detrimental to the interests of the institution.

"Before they become effective you are requested to satisfy yourself that all agreements and contracts entered into between First Bank and Trust Company and The First National Bank of Perth Amboy covering the purchase of assets from, and the assumption of liabilities of, The First National Bank of Perth Amboy and any other agreements and contracts entered into by First Bank and Trust Company incident to its organization have been considered by your counsel and that he is satisfied as to their legal aspects. Before issuing stock in Federal Reserve Bank to First Bank and Trust Company, you are requested to satisfy yourself that organization papers of that bank have been considered by your counsel and that he is satisfied as to their legal aspects. It is requested that a copy of the opinion of your counsel in this connection, together with copies of any such agreements and organization papers, including a copy of the bank's charter, be forwarded to the Board as soon as possible. It is requested also that you satisfy yourself that the charter of the bank contains no provisions granting powers other than those usually conferred upon institutions transacting a banking and trust business under the laws of the State of New Jersey."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

M. S. Lyng
Member