

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, June 2, 1938, at 10:45 a.m.

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

Mr. Morrill, Secretary  
 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 June 1, 1938, were approved unanimously.

Letter dated May 27, 1938, from Mr. Edward A. Sheafe, Jr., tendering his resignation as clerk in the Office of the Building Manager, to become effective at the close of business on June 30, 1938. Acceptance of the resignation had been recommended by Mr. Morrill.

Approved unanimously.

Letter to Mr. McKinney, President of the Federal Reserve Bank of Dallas, reading as follows:

"In view of the statements contained in your letter of May 26, the Board will offer no objection to the retention in the service of your bank until October 3, 1939, of Mr. H. A. King, chief guard at the El Paso Branch, who will become 65 years of age on October 3, 1938."

Approved unanimously.

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Telegram to Mr. Sargent, Vice President of the Federal Reserve  
Bank of San Francisco, reading as follows:

"Your letter May 31 re California Trust Company. Subsequent to date of letter X-7923 applications of trust companies doing either no commercial banking business or only an insignificant amount of such business have been approved and the companies admitted to membership. Accordingly California Trust Company would not be considered ineligible for membership by reason of the nature of its business."

Approved unanimously.

Letter to "The First National Bank of McMinnville", McMinnville,  
Tennessee, 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 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 Tennessee, 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:

"Reference is made to the report of examination of

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"the 'Madison County Trust and Deposit Co.', Oneida, New York, as of February 26, 1938, and to the supplementary information submitted in connection therewith, particularly that transmitted with your letter of May 20, 1938.

"It is reported that Mr. Santry, who became president in 1932, did not become active in the management of the bank until April of last year when the active vice president became ill; that the president is a practicing attorney who divides his time between the bank and his law practice and is undecided whether to continue in a more active capacity with the bank or to devote his entire time to his law practice; that the active vice president has never fitted into the picture very well, as a result of which a state of disorganization is reflected throughout the bank, and that he is expected to retire from the bank before the end of the year.

"This appears to be an example of cases where steps should be taken to bring about a strengthening of the management before the situation reaches a critical stage, and it is assumed that, in cooperation with the State Banking Department, you will endeavor to effect a correction of the existing unsatisfactory situation, particularly with respect to the management of the bank."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morris  
Secretary.

Approved:

W. S. C. C. C.  
Chairman.