

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, November 28, 1938, at 11:30 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

The action stated with respect to each of the matters herein-after referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 25, 1938, were approved unanimously.

Letter to Mr. Nardin, Chairman of the Federal Reserve Bank of St. Louis, prepared in accordance with the action taken at the meeting of the Board on November 22, 1938, and reading as follows:

"The Board of Governors has read and discussed the contents of your letter of November 11 in regard to the examination department and the services of Mr. Wood, and it has requested me to advise you that it does not feel justified in changing the position of which you have been previously informed as to the Board's policy with respect to the retirement of officers and employees of Federal reserve banks after the attainment of age 65 and therefore it is not willing to approve the payment of any salary to Mr. Wood beyond December 31, 1938.

"In view of the termination of Mr. Wood's services at the end of this year and the information available to

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"the Board which indicates that Mr. Peterson is not prepared at this time to assume the responsibilities involved in taking charge of the examination department, the Board feels that it is desirable for its examiner to be at the Federal Reserve Bank as soon as practicable to consult with Mr. Wood before he retires and to assist in handling the work of the department until arrangements for the successor to Mr. Wood have been completed. Accordingly, arrangements are being made to send the examiner to St. Louis as soon as he can be spared for this purpose from his regular duties."

Approved unanimously.

Letter to the board of directors of "The Poland-State Bank", Poland, Indiana, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special conditions, the Board approves the bank's application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Chicago:

- "4. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures.
- "5. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses of \$264.50, as shown in the report of examination of such bank as of October 26, 1938, made by an examiner for the Federal Reserve Bank of Chicago."

The letter also contained the following special comments:

"While under Indiana laws the bank is authorized to exercise full trust powers, it is reported that the bank has engaged in such activities only to a limited extent, and that it has not equipped itself for handling trust

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"business generally. At the time of the examination for membership the only fiduciary capacity in which the bank was acting was in connection with two small administrator trusts and it is understood that these trusts were taken merely to accommodate customers and are expected to be terminated shortly and that no effort is being made to increase the trust activities. In view of such circumstances, the application has been approved on the same basis as if the bank were not exercising trust powers. Should the bank desire in the future to exercise its trust powers, other than to the extent necessary in connection with the two trusts now being administered, application for permission to do so should be made to the Board in accordance with the provisions of condition of membership numbered 1."

Approved unanimously for transmission through the Federal Reserve Bank of Chicago.

Letter to Mr. John G. Nichols, Chief of the Division of Examinations of the Federal Deposit Insurance Corporation, reading as follows:

"This refers to your letter of November 22 regarding the proposed absorption of the Rahway Trust Company, Rahway, New Jersey, by The Rahway National Bank, to facilitate which the Federal Deposit Insurance Corporation has authorized a loan to the trust company.

"In response to your request, the Board of Governors hereby grants written consent, in accordance with the provisions of subsection (k)(2) of section 12B of the Federal Reserve Act, for examiners for the Federal Deposit Insurance Corporation to make such investigation or examination of the Rahway Trust Company as is necessary to segregate from the assets which are to be transferred to the national bank those which are to be pledged by the trust company as collateral to the loan to be obtained from your Corporation."

Approved unanimously.

Letter dated November 26, 1938, to Mr. Peyton, President of

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the Federal Reserve Bank of Minneapolis, reading as follows:

"Reference is made to your letter of November 17, 1938, in regard to your bank's contributory group life insurance policy.

"In accordance with your request, the Board approves the extension of the group life insurance contract from April 1, 1937 to April 1, 1939, and will interpose no objection to your continuing the contract indefinitely thereafter, or until such time as you are otherwise advised by the Board, provided the net annual cost thereof to the bank is not materially in excess of the present cost."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley
Secretary.

Approved:

W. S. Charles
Chairman.