

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, March 23, 1939, at 2:30 p. m.

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

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 March 22, 1939, were approved unanimously.

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

"Reference is made to your letter of March 17, 1939, in regard to the exercise of trust powers by the Farmers Bank of Pelham, Pelham, Georgia. You state that, although reports of examination made prior to February 1, 1939, did not disclose the fact that the bank was acting as corporate trustee under the bond issue of the Flint River & Northwestern Railroad Company, it had actually been acting in such a capacity since 1929. It is understood that the Flint River & Northwestern Railroad is only twenty miles in length, with one terminus at Pelham, and that the deed of trust under which the bank is acting is in the usual form entailing no unusual responsibilities.

"In view of the circumstances and your recommendation, the Board will raise no objection to the Farmers

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"Bank of Pelham, Pelham, Georgia, continuing to act as trustee under the indenture mentioned. As stated in the Board's letter of March 9, 1937, however, permission of the Board should be obtained before the bank undertakes to exercise trust powers in other instances."

Approved unanimously.

Letter to Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, reading as follows:

"This refers to your letter of March 13, 1939, relating to anticipated applications by The First National Bank of St. Joseph and The First Trust Company, both of St. Joseph, Missouri, for voting permits entitling them to vote the stock which they own or control of the First St. Joseph Stock Yards Bank, South St. Joseph, Missouri, a State member bank.

"The Board feels that, prior to the filing of such applications, consideration should be given to the question whether it may properly determine that The First National Bank of St. Joseph and The First Trust Company are not engaged, directly or indirectly, as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks, or trust companies, within the meaning of section 2(c) of the Banking Act of 1933, as amended. As you know, such a determination would result in such organizations not being holding company affiliates for any purposes other than those of section 23A of the Federal Reserve Act and would make voting permits unnecessary.

"On the basis of the information now available to it, the Board understands that The First Trust Company was organized by The First National Bank of St. Joseph in 1909, primarily to conduct a trust and real estate mortgage loan business which could not be conducted by a national bank; that all of the stock of The First Trust Company (except qualifying shares transferred to directors subject to options to repurchase) is held by the president of The First National Bank of St. Joseph in trust for the shareholders of such bank and the directors of The First

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"Trust Company are required to be directors of the bank; that the two institutions occupy the same banking quarters, are under the same management, and in substance are departments of a single banking institution which is the largest in St. Joseph, the national bank handling the commercial business and the trust company handling the savings, trust, bond, and real estate mortgage loan business; that The First Trust Company owns 1,284 of the 1,331 outstanding shares of common stock of the First St. Joseph Stock Yards Bank, the Reconstruction Finance Corporation owning all of the 1,169 outstanding shares of preferred stock; and that The First National Bank of St. Joseph does not directly or indirectly own or control any stock of, or manage or control, any bank other than The First Trust Company and the First St. Joseph Stock Yards Bank.

"In the light of these facts, the Board may make the above described determination with respect to The First National Bank of St. Joseph and The First Trust Company consistently with like action taken by it in other cases. However, before acting upon the matter, the Board desires advice as to whether its understanding of the facts, as set forth above, is correct, and whether, for any reason, you believe that the determination should not be made."

Approved unanimously.

Letter to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"This refers to your letter of February 24, replying to our telegram of February 21 regarding certain State requirements as to published condition statements of State banks.

"It is noted from the fifth paragraph of your letter that you anticipate further difficulty in the matter of joint publication of condition statements by State bank members in Ohio and Pennsylvania because the banking departments of those States permit the elimination of depreciation in securities by the creation of a reserve which is not deducted from capital account. In the circumstances you suggest that the Board might accept duplicate copies of the condition statements published by

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"State bank members pursuant to State banking department requirements, in lieu of statements published in accordance with the Board's requirements. As you know, Section 9 of the Federal Reserve Act requires the publication of condition reports submitted to the Federal Reserve banks on dates fixed by the Board of Governors. While the Board has heretofore taken the position that, if required by State banking departments, greater detail than called for by Form F.R.105e may be shown in the published statement for any item of assets or liabilities or additional information shown below the body of the statement, the aggregate shown for each item in the published condition statement must agree with the aggregate of such item shown on Form F.R.105. It would not be practicable, therefore, for the Board to accept a statement published pursuant to the requirements of the State banking department in which the total amount of capital funds did not agree with total capital funds as shown on Form F.R.105.

"The Board has approved a revised Form F.R.105e which will include a notary's jurat on the face side, so that the statement may be sworn to if required by the State banking department. On the reverse side of the revised form the certificate of publication has been amended so that it may be signed either by an officer of the bank or by an officer of the newspaper, and a notary's jurat has also been provided below the certificate of publication so that the certificate may be sworn to if required by the State banking department."

Approved unanimously.

Letter to the Presidents of all Federal Reserve banks, transmitting forms and instructions in connection with the next call for condition reports of State member banks and their affiliates.

Approved unanimously.

Letter to the Aetna Life Insurance Company, Hartford, Connecticut, approved by the Personnel Committee on behalf of the Board, and reading as follows:

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"The Board of Governors is prepared to make application to your Company for a policy of group life insurance covering its employees, and to enter into a contract therefor on the basis described in our negotiations with your Company, provided at least 75 per cent of the Board's employees signify that they desire the insurance. The amount will be \$1,000 for each employee covered.

"Please furnish the Board with the necessary application forms, together with advice as to information which may be appropriate for submission by us to our employees so as to enable them to decide whether they wish the insurance."

Approved unanimously.


Letter to Honorable Lowell Mellett, The Executive Director,
The National Emergency Council, reading as follows:

"This letter will confirm the advice given Miss Root of the United States Information Service over the telephone on March 21 that your letter of January 6, 1939, inquiring whether the Board would assign one or more persons to answer questions pertaining to the functions and activities of Government Departments and Agencies at the information booths in the Federal Building at the New York World Fair, had been misplaced and for that reason a further reply thereto had not been made.

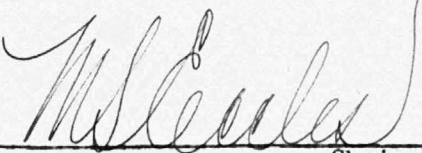
"Careful consideration has been given to this matter and the Board has conferred with the Federal Reserve Bank of New York regarding the possibility of assigning someone from that bank. However, since the service would come at a time when our staff as well as the staff of the Federal Reserve Bank of New York would be short-handed because of vacations and it would otherwise be difficult to spare employees who would be qualified to perform this kind of work in a credible manner, the Board would like to be excused from making such an assignment."

Approved unanimously.

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Chairman.