

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 2, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
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 hereinafter referred to was taken by the Board:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 27, 1939, were approved unanimously.

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on April 28, 29 and May 1, 1939, were approved and the actions recorded therein were ratified unanimously.

Telegram to Mr. Hitt, First Vice President of the Federal Reserve Bank of St. Louis, reading as follows:

"Relet April 29. Board approves appointment of Bryan Osborn as an examiner for Federal Reserve Bank of St. Louis."

Approved unanimously.

Memorandum dated May 1, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated April 27 from Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta,

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which requested approval by the Board of a change in the personnel classification plan of the New Orleans branch of the bank to provide for an increase in the maximum salary and a minor change in the description of work for the position of "General Ledger Bookkeeper" in the Accounting Department. The memorandum stated that the proposed change had been reviewed and recommended that it be approved.

Approved unanimously.

Memorandum dated April 27, 1939, from Mr. Smead, Chief of the Division of Bank Operations, submitting a letter dated April 24 from Mr. Preston, First Vice President of the Federal Reserve Bank of Chicago, which requested approval by the Board of changes in the personnel classification plan of the bank to provide for the creation of the new position of "Chief", for an increase in the maximum salary for the position of "Auditing Clerk Senior", and for the discontinuance of the position of "Supervisor of Audits", all in the Auditing Department. The memorandum stated that the proposed changes had been reviewed and recommended that they be approved.

Approved unanimously.

Letter to the board of directors of "The Moffat County State Bank", Craig, Colorado, 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

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appropriate amount of stock in the Federal Reserve Bank of Kansas

City:

- "4. Such bank shall make adequate provision for depreciation in its furniture and fixtures.
- "5. Such bank shall increase the number of its directors to not less than 5, the minimum number required in the case of all member banks under the provisions of Section 31 of the Banking Act of 1933, as amended."

The letter also contained the following special comments:

"The application for membership in the Federal Reserve System has been approved with the understanding that the capital and surplus accounts will be maintained in amounts sufficient to meet the requirements of State law, and in this connection attention is also called to the provisions of condition of membership numbered 2 regarding the maintenance of adequate capital."

Approved unanimously, together with a letter to Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, reading as follows:

"The Board of Governors of the Federal Reserve System approves the application of 'The Moffat County State Bank', Craig, Colorado, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are also enclosed, one of which is for your files and the other of which you are requested to forward to the State Bank Commissioner for the State of Colorado for his information.

"In view of the fact that a portion of the estimated losses classified in the report of examination for membership were charged off at the close of the examination and the management agreed that the remainder, the amount of which is nominal, would be charged off upon receipt of

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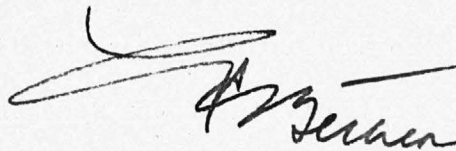
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"the report, and in accordance with your recommendation, the usual condition of membership regarding the elimination of estimated losses has not been prescribed.

"If practicable, the increase in the number of directors required by condition of membership numbered 5 should be effected prior to admission of the bank to membership. However, the Board will not object to the admission of the bank with only three directors, with the understanding that, as agreed by the bank, steps will be taken immediately to increase the number to 5.

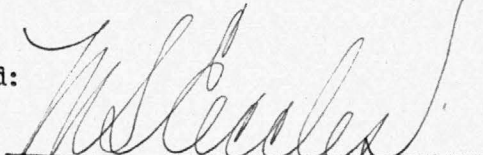
"It has been noted that the bank is receiving deposits from various individuals through the Hayden Agency Exchange. It is understood that you are satisfied that the operation of the agency is not in contravention of State laws and that the agency does not constitute a branch within the meaning of the term 'branch' as it is used in Section 9 of the Federal Reserve Act. However, if there should be any change in the relationship between the bank and the agency, the question as to whether a branch is being operated would be one for further consideration, and it is suggested that the matter be followed closely."

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Chairman.