

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, May 5, 1939, at 11:30 a.m.

PRESENT: Mr. McKee
Mr. Davis
Mr. Draper

Mr. Bethea, Assistant Secretary

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

Telegrams to Mr. Sanford, Assistant Secretary of the Federal Reserve Bank of New York, Mr. Post, Secretary of the Federal Reserve Bank of Philadelphia, Mr. McLarin, Vice President of the Federal Reserve Bank of Atlanta, Mr. Olson, Assistant Secretary of the Federal Reserve Bank of Chicago, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on May 2, by the Federal Reserve Banks of New York, Chicago and San Francisco on May 4, 1939, and by the Federal Reserve Banks of Philadelphia and Atlanta today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to the board of directors of "The Macedonia-Northfield Banking Company", Northfield, Ohio, 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

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application for membership in the Federal Reserve System and for the appropriate amount of stock in the Federal Reserve Bank of Cleveland:

- "4. Such bank shall make adequate provision for depreciation in its 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 \$888.50, as shown in the report of examination of such bank as of February 20, 1939, made by an examiner for the Federal Reserve Bank of Cleveland."

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

"The Board of Governors of the Federal Reserve System approves the application of 'The Macedonia-Northfield Banking Company', Northfield, Ohio, 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 Superintendent of Banks for the State of Ohio for his information.

"Mr. Fletcher has advised that the bank has arranged for a compromise of the balance due on the legal fee, which was referred to in the report of examination made in connection with the application for membership, whereby the \$3,000 unpaid balance will be settled by a payment of \$1,500, which is to be made promptly. The application has been approved with the understanding that, if the settlement is not effected prior to admission of the bank to membership, the liability for the unpaid fee will be set up on the bank's books.

"It is assumed that the two security issues listed in the schedule on page 11(a)-1 of the report of examination for membership as being in excess of State limitations will be reduced to amounts within such limits as soon as it is practicable to do so, and that the excessive loans listed in the schedule will be reduced in due course."

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Letter to Mr. Neely, Chairman of the Federal Reserve Bank of Atlanta, reading as follows:

"Your letter of April 25, 1939 with respect to the examination of the Federal Reserve Bank of Atlanta, as of January 6, 1939, and transmitting a copy of the report submitted to you by President Parker concerning the matters referred to in the Board's letter of March 11, has been brought to the attention of the Board.

"The Board is pleased to learn that steps have been taken to correct the situation at the Jacksonville Branch to which reference was made in the report of examination and the Board's letter, and that the officers of the Federal Reserve Bank believe that the situation is now satisfactory. It is assumed, of course, that the officers of the head office will follow the affairs of the branch closely in order to insure that the situation develops as satisfactorily as anticipated by the management.

"It has been noted, also, that the other matters of special comment in the report are receiving attention and that other suggestions and recommendations of the examiners are being put into effect."

Approved unanimously.

Letter to Mr. Holden, Deputy Chairman of the Federal Reserve Bank of San Francisco, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of San Francisco, made as of March 3, 1939, by the Board's examiners, a copy of the report of examination was left for your information and the information of the other directors and a copy was also furnished President Day. After the report of examination has received the consideration of the board of directors of the Federal Reserve bank, the Board will appreciate advice as to any action taken or to be taken with respect thereto as well as with respect to any other significant matters which may have been discussed by the examiners with the management during the course of examination."

Approved unanimously.

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Letter to Mrs. Valerie R. Miller, Secretary, Retirement System of the Federal Reserve Banks, reading as follows:

"This is to advise you that the Board of Governors of the Federal Reserve System on May 5, 1939, approved the changes in Sections 2, 3 and 8 of the Rules and Regulations of the Retirement System of the Federal Reserve Banks, adopted by the Board of Trustees of the Retirement System at its annual meeting on April 19, 1939, as set forth in your letter of May 1, 1939.

"Copies of this letter are being sent to Mr. J. S. Sinclair, Chairman of the Board of Trustees, and to Mr. L. R. Rounds, Chairman of the Retirement Committee."

Approved unanimously.

Letter to Mr. Walter Lichtenstein, Secretary of the Federal Advisory Council, reading as follows:

"Receipt is acknowledged of your letter of May 1 to Mr. Morrill regarding a meeting of the Federal Advisory Council in Washington on the Sunday preceding the regularly scheduled meetings to be held on Monday and Tuesday, June 5 and 6. You state that the Sunday meeting would probably last from 10:30 a.m. until around 4 p.m., and that, while it would probably be simpler to hold the meeting at the Mayflower Hotel, you personally think the Federal Reserve Building would be a much more convenient meeting place.

"The Board would be very glad to make its board room available to the Council on June 4 and, while it is noted from your letter that you will not need stenographic assistance, we would want to make arrangements to have a sufficient force on hand to operate the air-conditioning equipment, elevator, switchboard, automobiles and garage. The Board would also be glad to provide a cold buffet luncheon for the Council on Sunday, June 4, at 1 p.m., in the Board's dining room, if that would be satisfactory. Please advise us of your decision sufficiently in advance of June 4 to enable us to make the necessary arrangements.

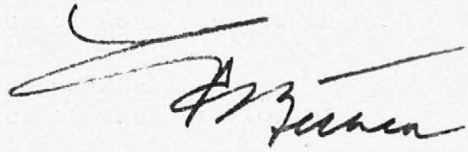
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"Mr. Morrill has not yet returned to the office, but I understand he is recuperating very satisfactorily."

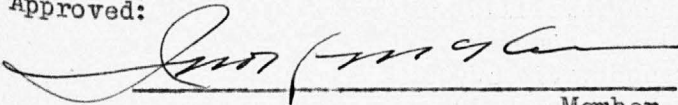
Approved unanimously.

Thereupon the meeting adjourned.



Assistant Secretary.

Approved:



Member.