

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, July 8, 1939, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Szymczak  
Mr. McKee

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:

Memorandum dated July 5, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Roman L. Horne be appointed on a permanent basis as a senior economist in the Division, with no change in his present salary at the rate of \$5,000 per annum, effective at the expiration of his present temporary appointment on August 7, 1939.

Approved unanimously.

Memorandum dated July 6, 1939, from Mr. Noell, Assistant Secretary, recommending, with the concurrence of Mr. Morrill, that the Board accept the resignation of Hudson McK. Rose as an elevator operator in the Board's building, effective at the close of business on July 21, 1939, and that Harry W. McGinniss, III, be appointed as an elevator operator, with salary at the rate of \$1,200 per annum, effective as of the date upon which he enters upon the performance of his duties after having passed satisfactorily the usual physical

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examination.

The recommendations were approved unanimously.

Letter to the board of directors of "The City Trust and Savings Bank", Youngstown, Ohio, stating that, subject to conditions of membership numbered 1 to 4 and 6 contained in the Board's Regulation H, and the following additional 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 Cleveland:

- "5. Such bank, except as permitted in the case of national banks exercising fiduciary powers, shall not invest collectively funds held by the bank as fiduciary and shall keep the securities and investments of each trust separate from those of all other trusts and separate also from the properties of the bank itself.
- "7. Such bank shall make adequate provision for depreciation in its banking houses and furniture and fixtures.
- "8. Prior to admission to membership, such bank, if it has not already done so, shall charge off or otherwise eliminate estimated losses totaling \$21,443.33, as shown in the report of examination of such bank as of June 5, 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:

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"approves the application of 'The City Trust and Savings Bank', Youngstown, 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.

"It is understood that under the laws of Ohio, trust funds held by a bank and deposited in its own banking department are given statutory preference. Standard condition of membership numbered 6, however, has been prescribed in order that its provisions may be invoked at any time in the future if necessary. You are, of course, authorized to waive compliance with the condition until further notice in accordance with the general authorization contained in the Board's letter of March 8, 1935."

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

"The arrangement under which the accounts of the Board's Fiscal Agent were audited by auditors from the Federal Reserve Bank of Chicago, under the direction of Mr. John J. Endres, Auditor of that bank, terminated at the close of June 30, 1939. The arrangement contemplated two audits during the year, one at the close of December 31 and the other a surprise audit to be made any time during the twelve-months period at the discretion of the auditor. The arrangement also provided that the Board shall reimburse the Reserve bank for the salaries of the auditors and the retirement contributions made by the bank for their account for the periods they are absent from their official duties at the Reserve bank and engaged in the audits, together with their actual necessary transportation expenses and an allowance for each auditor of not to exceed \$8.00 per diem in lieu of subsistence.

"Mr. Endres and his assistants have very ably performed this work, but in line with the Board's policy of rotating the task among the auditors of several of the Reserve banks, the Board will be glad to have your institution undertake the work on the above basis during the



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"year ending June 30, 1940. It is understood from my recent telephone conversation with you that it would be entirely satisfactory to you to permit the Auditor of the Federal Reserve Bank of Atlanta to audit the Board's accounting records during the period indicated. It is therefore suggested that Mr. Paris get in touch with Mr. Endres for the purpose of obtaining detailed information regarding the scope of the audit as made by him and the procedure followed heretofore. It will be appreciated if you will confirm the willingness of your bank to undertake the work on the basis indicated."

Approved unanimously, together with the following letter to Mr. Schaller, President of the Federal Reserve Bank of Chicago:

"As you know, the arrangement under which the accounts of the Board's Fiscal Agent were audited by auditors from your bank under the direction of Mr. Endres terminated as of the close of June 30, 1939. Mr. Endres and his assistants have very ably performed this work during the past year, but in line with the Board's policy of rotating the task among the auditors of several of the Reserve banks it has requested the Federal Reserve Bank of Atlanta to undertake the work during the year ending June 30, 1940. President Parker has advised me that auditors of the Federal Reserve Bank of Atlanta will be pleased to take over this work, and that, in accordance with our suggestion, he has asked Mr. Paris to get in touch with Mr. Endres for the purpose of obtaining detailed information regarding the scope of the audit as made by him and the procedure followed heretofore.

"The Board appreciates the splendid cooperation it has received from your bank in the handling of this work and feels that Mr. Endres is to be commended for the painstaking and thorough manner in which he has made these audits and for the fine spirit of cooperation he has displayed at all times."

The following letter to Mr. Leach, President of the Federal Reserve Bank of Richmond, was also approved unanimously:

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"As you know, the arrangement under which the accounts of the Board's Fiscal Agent were audited by auditors of the Federal Reserve Bank of Chicago, under the direction of Mr. Endres, terminated as of the close of June 30, 1939. Mr. Endres and his assistants have very ably performed this work during the past year, but in line with the Board's policy of rotating the task among the auditors of several of the Reserve banks it has requested the Federal Reserve Bank of Atlanta to undertake the work during the year ending June 30, 1940.

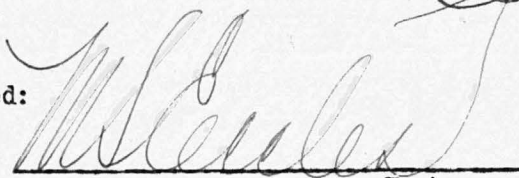
"President Parker has advised the Board that the auditors of the Atlanta bank will be pleased to take over this work and it is understood that Mr. Paris, Auditor of that bank, will communicate with Mr. Endres for the purpose of obtaining detailed information regarding the scope of the audit as made by him and the procedure followed heretofore. It will be appreciated, therefore, if you will forward to Mr. E. P. Paris, General Auditor, Federal Reserve Bank of Atlanta, the usual statements of the Board's account as of the close of June 30, 1939, and thereafter until further notice."

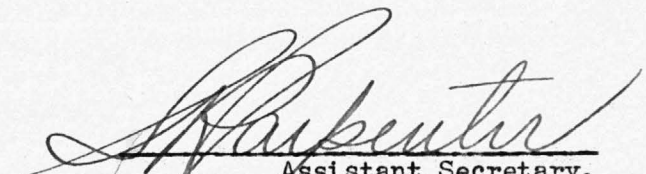
Memorandum dated July 5, 1939, from Mr. Vest, Assistant General Counsel, recommending that there be published in the August issue of the Federal Reserve Bulletin a statement in the form attached to the memorandum regarding the amendment to the definition of the term "executive officer" in Regulation O which includes illustrative forms of resolutions with respect to inactive officers.

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

  
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 Chairman.

  
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 Assistant Secretary.