

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, July 29, 1939, at 11:30 a. m.

PRESENT: Mr. McKee
Mr. Davis

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:

Letter to the board of directors of "The Central Bank Company", Lorain, Ohio, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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:

- "4. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

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 Central Bank Company', Lorain, 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.

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"The usual condition of membership regarding the elimination of estimated losses has not been prescribed because of the nominal amount involved.

"It has been noted that while the carrying value of the banking premises is below the estimated value of the property as shown in the report of examination as of May 31, and no part of such asset was classified as III or IV, there seems to be a general agreement that the bank's investment in its banking premises is excessive and should be reduced. On page E of the report of examination your examiner states that it is the intention of the management to conserve earnings until the unsatisfactory condition with respect to the investment account is eliminated, and on page 2 he states that the management intends to continue to depreciate banking house at the rate of \$3,000 annually if earnings permit. It has been noted that the bank has not paid any dividends since 1936, and while no specific requirement as to the amount of depreciation has been included in condition of membership numbered 4, it is expected that the bank's earnings will be conserved until both the unsatisfactory condition with respect to the investment account has been corrected and the carrying value of the banking house has been reduced to a conservative figure."

Letter to the board of directors of "The Ft. Recovery Banking Company", Fort Recovery, Ohio, stating that, subject to conditions of membership numbered 1 to 3 contained in the Board's Regulation H and the following special condition, 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:

- "4. Such bank shall make adequate provision for depreciation in its banking house and furniture and fixtures."

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 Ft. Recovery Banking

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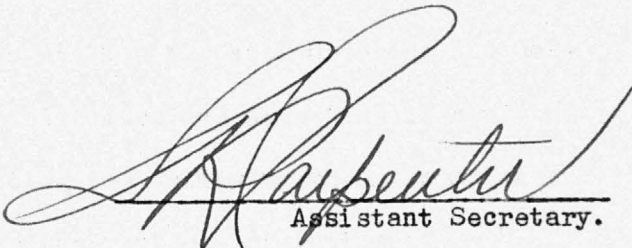
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"Company", Fort Recovery, Ohio, for membership in the Federal Reserve System, subject to the conditions prescribed in the enclosed letter which you are requested to forward to the Board of Directors of the institution. Two copies of such letter are 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.

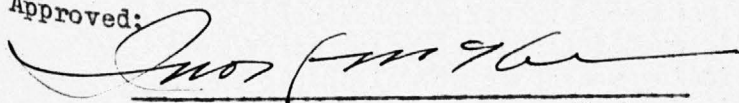
"The usual condition of membership regarding the elimination of estimated losses has not been prescribed because of the nominal amount.

"It is apparently agreed that the town of Fort Recovery has no need for two banks and the opinion is expressed that the overbanked condition is not conducive to the best interests of the two institutions, that there is a lack of cooperation in the matter of interest rates on time deposits and of service charges. It is assumed of course that, if the applicant is admitted to membership, the desirability of bringing about a consolidation of the two institutions on a sound basis will be kept in mind and that, in accordance with the views expressed in the Board's letter S-6 on the subject of strengthening banking situations where need for such is indicated, the influence of the Federal Reserve Bank will be joined with that of the State Banking Department and the Federal Deposit Insurance Corporation in endeavoring to bring about such a consolidation at an opportune time."

Thereupon the meeting adjourned.


Assistant Secretary.

Approved:


Member.