

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, October 5, 1939, at 11:00 a. m.

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

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary

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 October 4, 1939, were approved unanimously.

Memorandum dated October 4, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reason stated in the memorandum, the Board approve an extension of official leave beginning October 21, 1939, for Martin Krost of the Division of Research and Statistics, who is serving as a member of the Advisory Economic Mission to Venezuela, for such time as may be necessary for the Mission to finish its work and to return to Washington, which period it is anticipated will not exceed two months. The memorandum also recommended that the present financial arrangements in connection with Mr. Krost's trip, which were approved by the Board on July 21 and August 4, 1939, be continued.

The recommendations were approved unanimously.

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Letter to the board of directors of the "Bronx County Trust Company", New York, New York, stating that, subject to conditions of membership numbered 1 to 4 and 6 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 appropriate amount of stock in the Federal Reserve Bank of New York:

- "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."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Bronx County Trust Company', New York, New York, 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 New York for his information.

"In view of the fact that substantially all of the estimated losses shown in the report of examination for membership are reported to have been eliminated since the examination, the usual condition of membership regarding the elimination of estimated losses has not been prescribed.

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"It will be noted that no special requirement is being made of the bank that a total of \$97,400 be charged off on banking houses over a period of five years, as was recommended by your board of directors. It is understood from Mr. Dillistin that the management has agreed to make the charge-offs and can be depended upon to do so without specific requirements as a condition of membership. It is suggested, however, that it be pointed out to the bank that under condition of membership numbered 7, provision for the annual charge-offs as well as for regular depreciation will be expected.

"You understand of course that standard condition of membership numbered 6 has been prescribed in order that its provisions may be invoked at any time in the future if necessary, but that, in accordance with the general authorization previously granted by the Board, you are authorized to waive compliance with the condition until further notice in so far as the condition applies to funds which are given statutory preference in the State of New York."

Letter to Mr. O. P. McComas, Vice President of the Bankers Trust Company, New York, New York, reading as follows:

"This refers to your letter of September 19, 1939, addressed to the Federal Reserve Bank of New York, in which you advise that certain recording and bookkeeping activities of your London branch have been transferred to Sunningdale, England, and apply for permission to conduct there, as a temporary measure for the duration of the present emergency, such operations of your London branch as, in the opinion of the management of such branch, may seem advisable.

"The Board understands that the essential banking operations of the branch are still being conducted in London, in which circumstances the Board's permission to establish a branch at Sunningdale would not be necessary. Since, however, as you point out, it is impossible to foresee to what extent it will be found advisable or even compulsory to conduct the operations of the London branch at Sunningdale, you are advised that the Board hereby approves your application for permission to establish such branch, under the conditions outlined in

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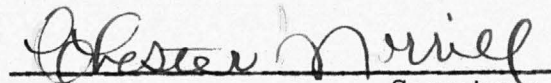
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"the first paragraph of this letter and subject to the provisions of sections 9 and 25 of the Federal Reserve Act, as amended.

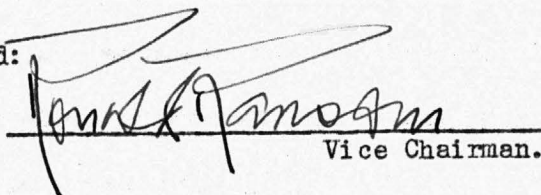
"Please keep the Federal Reserve Bank of New York advised with respect to the extent and date of the transfer of any additional banking operations to Sunningdale."

Approved unanimously.

Thereupon the meeting adjourned.


Secretary.

Approved:


Vice Chairman.