

11/17/39

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 17, 1939, at 11:30 a.m.

PRESENT: Mr. Szymczak
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, 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:

Telegrams to Messrs. Kimball, Post, McCravey, Dillard and Hale, Secretaries of the Federal Reserve Banks of New York, Philadelphia, Atlanta, Chicago and San Francisco, respectively, stating that the Board approves the establishment without change by the Federal Reserve Bank of San Francisco on November 14, by the Federal Reserve Banks of New York, Atlanta, Chicago and San Francisco on November 16, 1939, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Memorandum dated November 13, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Miss Cecil Melanson be appointed on a permanent basis as a draftsman in the Division, with no change in her present salary at the rate of \$1,440 per annum, effective at the expiration of her temporary appointment on November 20, 1939.

Approved unanimously.

11/17/39

-2-

Memoranda dated November 10, 1939, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that, for the reasons stated in the memoranda, Miss Mary Wilellyn Morelle and Miss Mary H. Bohlin be appointed on a temporary basis each for a period of three months as a clerk in the Division, with salary at the rate of \$120 per month, effective as of the date upon which they enter upon the performance of their duties. The memorandum stated that in view of the fact that the two employees will probably be recommended for permanent appointment at the expiration of their temporary appointments, it was suggested that they now be permitted to become members of the Retirement System of the Federal Reserve Banks.

Approved unanimously.

Memorandum dated November 15, 1939, from Mr. Paulger, Chief of the Division of Examinations, recommending that, for the reason stated in the memorandum, J. J. Connell, whose resignation as a Federal Reserve Examiner was accepted by the Board effective November 15, 1939, be granted additional annual leave with pay for a period of six days and fifteen minutes to cover excess annual leave taken by Mr. Connell.

Approved unanimously.

Letter to the board of directors of the "Farmers Bank & Trust Co.", Bardstown, Kentucky, stating that, subject to conditions

11/17/39

-3-

of membership numbered 1 to 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 St. Louis:

- "7. Such bank shall make adequate provision for depreciation in its banking house 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 of \$3,688.75, as shown in the report of examination of such bank as of September 18, 1939, made by an examiner for the Federal Reserve Bank of St. Louis."

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

"The Board of Governors of the Federal Reserve System approves the application of the 'Farmers Bank & Trust Co.', Bardstown, Kentucky, 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 Director of Banks for the Commonwealth of Kentucky for his information.

"It has been noted that there has been no formal appointment of a trust officer or designation of a trust committee, and that the bank has not been complying with a provision of State law which requires segregating a certain amount of assets to be held primarily liable for fiduciary obligations. However, in the memorandum accompanying the application it is said that the State requirements will be complied with and that your office will see

11/17/39

-4-

"that the operations of the department are brought into conformity with recognized principles of sound fiduciary practices. The application has been approved with that understanding."

Letter to Mr. McCabe, Chairman of the Federal Reserve Bank of Philadelphia, reading as follows:

"Following up your letter of November 10 and my reply of November 13, I enclose a draft of a memorandum containing a brief discussion of various comments and suggestions set forth in the minutes of the last meeting of the Chairmen of the Federal Reserve Banks.

"We would appreciate greatly your comments upon the enclosed memorandum and your opinion as to the desirability of sending it to the other Chairmen in advance of the next meeting."

Approved unanimously.

Letter to Mr. Sinclair, President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Acknowledgment is made of your letter of November 9, 1939, concerning the proposed beautification of the surface of the vacant lot lying between your building and the new Federal Building, possible erection of an underground garage on the lot, and the alteration or rebuilding of the small service building on the rear of the lot. It is noted that you are also contemplating the replacement of the old furniture in the main banking room, which was not replaced on completion of the new building in 1934-35.

"In view of the circumstances outlined in your letter, the Board will interpose no objection to the employment of Dr. Cret, as architect, to make the preliminary studies and plans in connection with the improvements and alterations. It is understood that after completion of the preliminary study you will review with the Board your proposals before any final decision is made."

Approved unanimously.

11/17/39

-5-

Letter to Mr. Hamilton, President of the Federal Reserve Bank of Kansas City, reading as follows:

"Acknowledgment is made of your letter of November 10, 1939, with respect to the proposed air conditioning of the Omaha, Denver, and Oklahoma City Branches and sound-proofing the Denver Branch.

"In view of the circumstances outlined in your letter, the Board will interpose no objection to the expenditure of approximately \$75,000 for air conditioning at the Omaha, Denver, and Oklahoma City Branches and for sound-proofing part of the Denver Branch building. It will be appreciated if you will advise us when the contracts are let."

Approved unanimously.

Memorandum dated November 15, 1939, from Mr. Wingfield, Assistant General Counsel, recommending that there be published in the December issue of the Federal Reserve Bulletin statements in the form attached to the memorandum with respect to the following subjects:

Financial Transactions under Neutrality Act of 1939

Amendments to Regulation F, Trust Powers of National Banks

Amendments to Regulation H, Membership of State Banking Institutions in the Federal Reserve System

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

Mrs. S. J. [unclear]
Member.