

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 24, 1939, at 11:30 a.m.

PRESENT: Mr. Szymczak
Mr. McKee
Mr. Davis
Mr. Draper

Mr. Bethea, Assistant Secretary
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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on November 22, 1939, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Mr. Hays, Secretary of the Federal Reserve Bank of Cleveland, Mr. Leach, President of the Federal Reserve Bank of Richmond, Messrs. Stewart, Powell and Leedy, Secretaries of the Federal Reserve Banks of St. Louis, Minneapolis and Kansas City, respectively, Mr. Stroud, First Vice President of the Federal Reserve Bank of Dallas and Mr. West, Vice President of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Banks of St. Louis and San Francisco on November 21, by the Federal Reserve Banks of Cleveland and Richmond on November 22, by the Federal Reserve Bank of Minneapolis on November 23, 1939,

11/24/39

-2-

and by the Federal Reserve Banks of Boston, St. Louis, Kansas City and Dallas today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to "The First National Bank of Madison", Madison, Wisconsin, reading as follows:

"The Board of Governors of the Federal Reserve System has considered your application for permission to exercise fiduciary powers, and grants you authority, effective if and when the proposed consolidation of The First National Bank of Madison and the Central Wisconsin Trust Company of Madison, both of Madison, Wisconsin, is consummated, to act, when not in contravention of State or local law, as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies or other corporations which come into competition with national banks are permitted to act under the laws of the State of Wisconsin, the exercise of all such rights to be subject to the provisions of the Federal Reserve Act and the regulations of the Board of Governors of the Federal Reserve System.

"Upon receipt of advice from the Comptroller of the Currency that the proposed consolidation has been effected, a formal certificate evidencing your right to exercise fiduciary powers will be forwarded to you."

Approved unanimously.

Letter to Mr. Harrison, President of the Federal Reserve Bank of New York, reading as follows:

11/24/39

-3-

"Under the provisions of paragraph (1), subsection (i), of section 12B of the Federal Reserve Act, as amended, the Board of Directors of the Federal Deposit Insurance Corporation has found that the Mount Pleasant Bank and Trust Company, Pleasantville, New York, has continued unsafe and unsound practices in the conduct of its business, has so advised the Board of Governors of the Federal Reserve System, and has requested the Board of Governors to fix the time in which the bank shall make the necessary corrections of such practices and to advise the Corporation of any action taken by the bank to effect such corrections.

"There is enclosed a letter the Board has addressed to the Mount Pleasant Bank and Trust Company, Pleasantville, New York, together with three copies thereof, advising of the findings of the Board of Directors of the Federal Deposit Insurance Corporation and fixing March 23, 1940, as the date not later than which the necessary corrections of the unsafe and unsound practices mentioned shall be effected.

"You are hereby authorized to have the enclosed letter, together with a copy of the Federal Reserve Act, personally presented to the Mount Pleasant Bank and Trust Company, Pleasantville, New York, the person who does so to make an affidavit of service in the usual form in which such affidavits are made in the State of New York. This affidavit, and a copy of the letter to which it is attached, should be forwarded to the Board.

"One of the copies of the letter to the bank is for your files, and you are requested to forward the other copy to the Superintendent of Banks of the State of New York, for his information."

Approved unanimously, together with a letter to the "Mount Pleasant Bank and Trust Company", Pleasantville, New York, reading as follows:

"Paragraph 1 of subsection (i) of section 12B of the Federal Reserve Act, as amended, reads in part as follows:

'Whenever the board of directors shall find than an insured bank or its directors or trustees have continued unsafe or unsound

11/24/39

-4-

practices in conducting the business of such bank, or have knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured bank is subject, the board of directors shall first give to the Comptroller of the Currency in the case of a national bank or a District bank, to the authority having supervision of the bank in the case of a State bank, or to the Board of Governors of the Federal Reserve System in the case of a State member bank, a statement with respect to such practices or violations for the purpose of securing the correction thereof. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the Comptroller of the Currency, the State authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require, the board of directors, if it shall determine to proceed further, shall give to the bank not less than thirty days' written notice of intention to terminate the status of the bank as an insured bank, and shall fix a time and place for a hearing before the board of directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and upon such evidence the board of directors shall make written findings which shall be conclusive.'

"Pursuant to the statutory provisions above quoted, the Federal Deposit Insurance Corporation has submitted to the Board of Governors of the Federal Reserve System a statement, a copy of which is attached hereto, with respect to continued unsafe and unsound practices by the Mount Pleasant Bank and Trust Company for the purpose of securing corrections thereof and of which you will please take notice. You are hereby directed to effect corrections of the unsafe and unsound practices enumerated in the enclosed copy of the statement of the

11/24/39

-5-

Federal Deposit Insurance Corporation; and the Board of Governors of the Federal Reserve System has fixed the period ending March 23, 1940, 120 days from the date of this letter as the time within which such corrections shall be effected. You are requested to advise the Federal Reserve Bank of New York on or before March 23, 1940, as to the action which has been taken effecting corrections of the unsafe and unsound practices referred to.

"For your information, there is enclosed a copy of the Federal Reserve Act and your attention is called to section 12B thereof and particularly to the full text of subsection (i) of section 12B."

In connection with the above matter, the following letter to the Federal Deposit Insurance Corporation was also approved unanimously:

"This refers to your letter of November 16, 1939, in which it is stated that the board of directors of the Federal Deposit Insurance Corporation has found that the Mount Pleasant Bank and Trust Company, Pleasantville, New York, a State member bank, has continued unsafe and unsound practices in the conduct of its business. Pursuant to paragraph 1 of subsection (i) of section 12B of the Federal Reserve Act, as amended, your letter contains a statement with respect to such practices for the purpose of securing correction thereof.

"The Board of Governors has today addressed a letter to the bank serving notice regarding the required correction, and has fixed the period ending March 23, 1940, 120 days from the date of the letter addressed to the bank, as the time within which the necessary correction of the unsafe and unsound practices in the conduct of its business recited in your letter may be effected. You will be informed as promptly as possible of any advice which the Board receives as to any action taken by the bank to effect such correction."

11/24/39

-6-

Thereupon the meeting adjourned.



Assistant Secretary.

APPROVED:



Member.