

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, December 15, 1939, at 11:30 a.m.

PRESENT: Mr. Eccles, Chairman
Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. Davis
Mr. Draper

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, 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:

The minutes of the meetings of the Board of Governors of the Federal Reserve System held on December 13 and 14 (two meetings), 1939, were approved unanimously.

Telegrams to Messrs. Kimball and Post, Secretaries of the Federal Reserve Banks of New York and Philadelphia, respectively, Mr. Leach, President of the Federal Reserve Bank of Richmond, Mr. McLarin, First Vice President of the Federal Reserve Bank of Atlanta, Mr. Olson, Assistant Secretary of the Federal Reserve Bank of Chicago, Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, Mr. Ziemer, Vice President of the Federal Reserve Bank of Minneapolis, Mr. Caldwell, Chairman of the Federal Reserve Bank of Kansas City, Mr. Gilbert, President of the Federal Reserve Bank of Dallas, and Mr. Hale, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Federal Reserve Bank of Kansas City on December 9, by the Federal Reserve Bank of San Francisco on December 12,

12/15/39

-2-

by the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis and Dallas on December 14, 1939, and by the Federal Reserve Bank of Philadelphia today, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Mr. Lassiter, Chairman of the Federal Reserve Bank of Richmond, reading as follows:

"At the completion of the examination of the Federal Reserve Bank of Richmond, made as of October 4, 1939, by the Board's examiners, a copy of the report of examination was left for your information and the information of the other directors and a copy was also furnished President Leach. After the report of examination has received the consideration of the Board of Directors of the Federal Reserve Bank, the Board will appreciate advice as to any action taken or to be taken with respect thereto as well as with respect to any other significant matters which may have been discussed by the examiners with the management during the course of examination."

Approved unanimously.

Letter to the Federal Deposit Insurance Corporation, reading as follows:

"Pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, the Board of Governors of the Federal Reserve System hereby certifies that the 'Pine Lawn Bank and Trust Company', Pine Lawn, Missouri, became a member of the Federal Reserve System on December 12, 1939, and is now a member of the System. The Board of Governors of the Federal Reserve System further hereby certifies that, in connection with the admission of such bank to membership in the Federal Reserve System, consideration was given to the following factors enumerated in subsection (g) of section 12B of the Federal Reserve Act:

1. The financial history and condition of the bank,
2. The adequacy of its capital structure,
3. Its future earnings prospects,

-3-

12/15/39

4. The general character of its management,
5. The convenience and needs of the community to be served by the bank, and
6. Whether or not its corporate powers are consistent with the purposes of section 12B of the Federal Reserve Act."

Approved unanimously.

Telegram to the Presidents of all Federal Reserve banks, reading as follows:

"Board of Governors approves following changes in uniform paragraphs of circulars of Federal Reserve banks on 'Collection of cash items', approved by the Presidents at their conference in Washington on December 12. Under 'Uniform instructions' paragraphs numbered (1) and (2) revised, effective January 2, 1940, to read as follows: '(1) Do not protest items of \$50.00 or less. (2) Protest dishonored items of \$50.01 or over, except those bearing on their face the A.B.A. no protest symbol of the Federal Reserve bank or of a preceding bank endorser.' Paragraph shown at bottom of page 1 of report of Standing Committee on Collections, dated November 8, 1939, inserted as second paragraph under caption 'Terms and conditions of collection'. Paragraphs under caption 'Telegraphic costs' changed to read as follows: 'Charges for all telegrams pertaining to payment, nonpayment or tracing of items, or in connection with receiving or transmitting any other information or instructions, will be made at commercial rates against the banks from which such items were received; telegrams to such banks will be sent "collect".' In notifying banks of change in check collection circular relating to protest of items, it is assumed that you will advise them that change was recommended by American Bankers Association."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

M. E. Scales
Chairman.

Chester W. Morrill
Secretary.