

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Friday, November 1, 1935, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
Mr. Thomas, Vice Chairman  
Mr. Hamlin  
Mr. Miller  
Mr. James  
Mr. Szymczak

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

The Board acted upon the following matters:

Telegram to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, reading as follows:

"Your telegrams October 31 and subsequent telephone conversation. It is understood that your bank on October 30, 1935, established without change the rates of discount and purchase in your existing schedule and, in addition, established a rate of 2 1/2% per annum on advances to member banks under section 10(b) of Federal Reserve Act, as amended. Board approves rates referred to, effective November 2, 1935."

Approved unanimously.

Memorandum dated October 29, 1935, from Mr. Clayton, Assistant to the Chairman, recommending that Miss Frederica Ritter, a stenographer in the Division of Examinations, be transferred to the office of the Chairman, as stenographer for Mr. Clayton, with salary at the rate of \$1,740 per annum, effective November 1, 1935.

Approved unanimously.

Memorandum dated October 30, 1935, from Mr. Wyatt, General Counsel, recommending the temporary appointment of Miss Genevieve M. Schmidt as a stenographer in the legal division for the period ending

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December 31, 1935, with salary at the rate of \$130 per month, effective as of the date upon which she enters upon the performance of her duties.

Approved unanimously.

Letter to Mr. Godfrey L. Augustus, stating that, in accordance with the request contained in his letter of October 29, 1935, to Mr. Paulger, Chief of the Division of Examinations, the Board accepts his resignation as an assistant Federal reserve examiner, effective as of the close of business on October 31, 1935.

Approved unanimously.

Letter to Mr. Case, Federal Reserve Agent at the Federal Reserve Bank of New York, reading as follows:

"In accordance with the recommendation contained in Mr. Dillistin's letter of October 29, 1935, the Board has consented in writing to the participation by examiners for the Federal Deposit Insurance Corporation in the proposed joint examinations of the Perth Amboy Trust Company and The Raritan Trust Company, both of Perth Amboy, New Jersey. A copy of the Board's letter of this date addressed to Mr. Crowley, Chairman of the Federal Deposit Insurance Corporation, is inclosed for your information.

"It is earnestly hoped that, through the joint efforts of the various agencies concerned, plans may be worked out which will satisfactorily take care of the situation with respect to the two banks."

Approved unanimously, together with a letter to Mr. Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation, reading as follows:

"The Federal Reserve Agent's office at New York has advised the Board of Governors of the Federal Reserve System that the New Jersey State Banking authorities have requested that arrangements be made for a joint examination by State examiners, Federal Deposit Insurance Corporation examiners, and examiners for the Federal Reserve Bank of

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"New York, of the Perth Amboy Trust Company and The Raritan Trust Company, both of Perth Amboy, New Jersey.

"The request was made in the hope that such a joint examination might result in some plan being worked out to take care of the situation with respect to the two banks, with which you are, no doubt, familiar.

"In view of the circumstances, the Board of Governors of the Federal Reserve System, in accordance with the provisions of subsection (k) (2) of Section 12B of the Federal Reserve Act, hereby grants written consent for the participation by examiners for the Federal Deposit Insurance Corporation in the suggested joint examinations of the Perth Amboy Trust Company and The Raritan Trust Company, both of Perth Amboy, New Jersey."

Letter to Governor Schaller of the Federal Reserve Bank of Chicago, reading as follows:

"Referring to your letter of October 18, in view of the circumstances outlined in Mr. Callahan's memorandum of October 18 inclosed with your letter, the Board will interpose no objection to your waiving the penalty of \$12.22 incurred by The Live Stock National Bank of Chicago, Chicago, Illinois, on reserve deficiencies during the semi-weekly period ended Friday, October 11."

Approved unanimously.

Letter to Mr. Peyton, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, prepared in accordance with the action taken at the meeting of the Board on October 25, 1935, and reading as follows:

"Further reference is made to your letters of October 14 and 15, 1935, to which were attached replies received from banks in your district to your circular of October 10, 1935, transmitting the request of the President that the banks cooperate by cashing at par checks issued to workers employed by the Government in connection with the nation-wide Works program. This matter was discussed at a meeting of the Board and I was requested to advise you as to its views.

"It was understood by the Board, when the request was received that the President's letter be sent out by the Federal Reserve banks, that it was believed that the dis-

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"tribution could be more easily and expeditiously accomplished in that manner than through any other channel which might be available for the purpose, and it was, of course, agreeable to the Board to communicate the request to the Federal Reserve banks, it being assumed that the transmission of the President's letter would be handled in such manner that its source would be perfectly apparent to the recipients. Such being the case, the Board would hesitate to suggest that communications of this kind be sent directly to the banks by the Secretary of the Treasury over his signature and feels that it is preferable not to do so. The Board does not wish to have the Federal Reserve banks become involved in any controversy which might be aroused by compliance with such requests but it believes that such a possibility can be minimized by the exercise of care in the preparation of the circulars containing such communications.

"It was particularly noted by the Board that some of the letters from nonmember banks contained the suggestion that the Federal Reserve bank absorb the shipping charges on currency and coins which the banks might need to cash the checks referred to in the President's letter. The question of the advisability of the absorption by Federal Reserve banks of shipping charges on currency sent to nonmember banks has been under consideration by the Board in another connection and the Board has taken the position that the services of the Federal Reserve banks should, so far as practicable, be confined to member banks and that the Federal Reserve banks are not justified ordinarily in rendering valuable services to nonmember banks and absorbing the costs thereof."

Approved unanimously.

Letter to the Attorney General of the United States, reading as follows:

"This refers to the letter dated October 4, 1935, from the Acting Attorney General stating that your opinion has been requested by the Postmaster General respecting the effect on pre-existing Postal Savings legislation of sections 324 and 341 of the Banking Act of 1935. Inclosed with such letter was a copy of an opinion by the Solicitor of the Post Office Department upon this matter.

"The Acting Attorney General stated that, inasmuch as any final opinion on the subject would seem to be of interest to the Board, he would be glad to have such views as the Board might care to express regarding the matter.

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"I wish to express the appreciation of the Board for the opportunity to express its views upon this subject. The matter has been referred to the Board's General Counsel who has rendered an opinion with regard to certain of the conclusions of the Solicitor of the Post Office Department, and a copy of such opinion is inclosed herewith. The inclosed opinion correctly expresses the views of the Board regarding this matter.

"The Board's General Counsel has advised that the conclusions stated in his opinion seem to be so clear that he has not prepared an exhaustive brief upon the subject. However, the matter is one of considerable interest to the Board and, if you should have any serious doubts as to the correctness of the conclusions expressed by the Board's General Counsel, the Board would appreciate an opportunity for him to supplement his opinion by a brief on any point about which you entertain doubt."

Approved unanimously.

Letter to Governor Newton of the Federal Reserve Bank of Atlanta, reading as follows:

"Mr. Thomas E. Kilby called on Chairman Eccles and Mr. Szymczak on October 29 with respect to the application of the Kilby Car & Foundry Company for an additional \$50,000 advance under Section 13b of the Federal Reserve Act.

"While we realize that you have gone into this application thoroughly in the past and have had considerable correspondence with respect thereto with Mr. Kilby, it will be appreciated if, in the circumstances, the executive committee of your bank will again review the application.

"During Mr. Kilby's visit at the Board's offices he requested that he be given an opportunity to appear before your executive committee to again present certain facts with respect to his application. If your executive committee will be good enough to grant Mr. Kilby's request, it will be appreciated if you will advise him when it will be convenient for him to meet the committee."

Approved unanimously.

Letter to Mr. Ralph W. Bowen, Vice President, Rhode Island Hospital National Bank, Providence, Rhode Island, reading as follows:

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"Receipt is acknowledged of your letter dated October 26, 1935, in which you inquire whether the Board or the National Banking Department contemplates making any definite recommendations which might line up all of the member banks of the country on a uniform system of measured service charges.

"No proposal of this kind is under consideration by the Board at this time, and I am advised informally that no such proposal is receiving consideration by the Comptroller of the Currency."

Approved unanimously.

Letter to Mr. Sargent, Assistant Federal Reserve Agent at the Federal Reserve Bank of San Francisco, reading as follows:

"At the time of the enactment of the Banking Act of 1935, there was pending before the Board the Clayton Act application of Mr. R. W. Kinney for permission to serve as director of Central Bank of Oakland, Oakland, California, and Crocker First National Bank of San Francisco, San Francisco, California. This application had not been acted upon by the Board.

"Accordingly, in view of the permission granted in the Board's resolution of September 12, 1935, a copy of which was forwarded to you with the Board's letter of September 13, 1935 (X-9317), Mr. Kinney may continue to serve in the relationships covered by his application until March 1, 1936 or until the adoption of general regulations by the Board, whichever is the earlier. It is suggested that you advise the applicant accordingly.

"The question whether these relationships may continue after the expiration of the permission granted in the Board's resolution will depend upon whether San Francisco and Oakland are 'contiguous or adjacent' within the meaning of the exception contained in paragraph (5) of section 8 of the Clayton Act as amended by the Banking Act of 1935.

"The Board understands that Oakland and San Francisco are separated by San Francisco Bay, and are approximately 9 miles apart. The Board also understands that a number of people commute daily from their homes in Oakland to their offices in San Francisco, and that a bridge connecting the two cities is under construction. However, it is not clear whether or not the two cities are 'adjacent' within the meaning of section 8; and, therefore, it will be appreciated if you will consider the question in the light of the Board's letter of October 11, 1935 (X-9341), and advise the Board of

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"your conclusion. If you feel that the question should be considered by the Board, the Board will be glad to do so upon being informed fully of the facts which you believe are pertinent to a determination of the question, together with such comments and recommendation as you may care to make."

Approved unanimously.

Thereupon the meeting adjourned.

Robert Howell  
Secretary.

Approved:

W. C. ...  
Chairman.