

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, April 18, 1936, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman
Mr. Broderick
Mr. McKee
Mr. Ransom

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Clayton, Assistant to the Chairman

Consideration was given to each of the matters hereinafter referred to and the action stated with respect thereto was taken by the Board:

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

"The Board of Governors of the Federal Reserve System has given consideration to your letter of April 9, 1936, advising that the board of directors of your bank had appointed Mr. William Robert Milford as Managing Director of the Baltimore branch of your bank and had fixed his salary at the rate of \$12,000 per annum, effective May 1, 1936.

"The Board has requested me to advise you that it approves, for the period from May 1 to December 31, 1936, the salary fixed by your directors for Mr. Milford in his new position."

Approved unanimously.

Letter to Mr. Wood, Federal Reserve Agent at the Federal Reserve Bank of St. Louis, reading as follows:

"Receipt is acknowledged of your letter of April 13, 1936, and, in accordance with your request, the Board approves the appointment of Mr. Ralph Henry Reitz as an assistant examiner in the Federal Reserve Agent's department of your bank."

Approved unanimously.

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

"The Board of Governors of the Federal Reserve System has received your letter of April 13, 1936, and approves the action taken by the Board of Directors of the Federal Reserve Bank of Kansas City on April 9 in granting to Mr. J. W. Helm, Vice President and Cashier of your bank, 30 days leave of absence with pay in addition to his annual vacation period."

Approved unanimously.

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

"This refers to your letter of April 9, 1936, in which you request confirmation of your counsel's opinion that the so-called 'utility certificates' or 'interest cheks' inclosed with your letter may not lawfully be issued by a member bank.

"These certificates evidence deposits which are payable on demand but upon which the issuing bank obligates itself to pay interest if the certificates remain outstanding for three months or more. In view of the fact that section 19 of the Federal Reserve Act provides that no member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand, the Board concurs in the conclusion of your counsel that these certificates may not lawfully be issued by member banks."

Approved unanimously.

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

"The answers to the questions in your letter of April 10, 1936, regarding Regulation U are as follows, in the order in which they were asked:

"Section 2(b): The term 'total indebtedness' means total indebtedness for all purposes and is not restricted to total indebtedness for the purpose of purchasing or carrying stocks registered on a national securities exchange.

"Section 3(a): The statement of the officer may be

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"based not only on statements or representations made to him by the prospective borrower but also on any other information which the officer has obtained from any source.

"Section 3(c): It is the plan at this time to publish and distribute to all banks before May 1, 1936, a list of stocks registered on a national securities exchange. It has not yet been decided just how this list will be kept up to date, but the issue of monthly supplements for this purpose has been suggested.

"Section 3(e): The term 'another lender' in subsection (e) of section 3 of Regulation U includes not only a bank but also any other lender."

Approved unanimously.

Letter to Dr. P. M. Hamer, National Director, Survey of Federal Archives, The National Archives, Washington, D. C., reading as follows:

"Receipt is acknowledged of your letter of April 14, 1936, with regard to the survey of the Federal Archives being conducted by you under the sponsorship of the National Archives, from which it is noted that the survey will not include the records of the Federal reserve banks as such, that the question whether the fiscal agency records at the Federal reserve banks should be surveyed will be determined later, and that you would like to have the Board request the Federal reserve agent at each bank to assist your workers in making a survey of the records in his department. In this connection, it is understood that the Treasury has advised all Federal reserve banks by telegram that they may comply with requests of regional directors for general information concerning fiscal agency records.

"It is also noted that the purpose of the survey is to obtain concise general descriptions of the types of records that are kept and that the workers have been instructed that they are not to examine the contents of individual documents, particularly confidential records.

"In accordance with your request, a telegram is being addressed today to the Federal reserve agents at all Federal reserve banks requesting them to cooperate with your regional directors in making a survey of the records in their respective departments of the character described in your letter. If the Board can render any further assistance to you in this matter, it will be glad to do so."

Approved unanimously, together with a

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telegram to the Federal reserve agents at all Federal reserve banks, reading as follows:

"The National Archives through Works Progress Administration and under direction of Dr. P. M. Hamer as National Director is making survey of Federal archives outside of District of Columbia. Board is now in receipt of advice from Dr. Hamer that survey will not include records of Federal reserve banks as such. It is understood that Treasury sent telegram to presidents of all Federal reserve banks on April 15 with regard to survey of fiscal agency records. With regard to survey of records in agent's department, Dr. Hamer advises as follows:

'I shall appreciate it if you will request that our workers be given every possible help in making survey of such records. Understand, of course, that, particularly as regards confidential records, our workers have been instructed that they are not to examine the contents of individual documents. They have been told to get brief and concise general descriptions of the types of records which are kept. They have been instructed to inconvenience officials of the Government as little as possible. In a number of the agencies where the survey has already been completed persons have been designated by those in authority to assist our workers in securing the information we desire. If this can be done in the offices of the agents of the Board, it will facilitate our Survey and, I trust, be of little inconvenience.'

Therefore, the Board will appreciate it if you will cooperate with regional directors in making survey of character described of the records of your department, and when survey is completed please advise Board."

Letter to the Federal reserve agents at all Federal reserve banks, reading as follows:

"Heretofore it has been the practice of the office of the Comptroller of the Currency to report to the Board apparent violations of section 8 of the Clayton Act which were noted in reports of examination of national banks. Recently, however, instructions have been issued in his office that it is no longer necessary to report such apparent violations to the Board. Apparently these instructions were

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"issued in view of the provisions of section 4 of Regulation L, as revised, which provides among other things that each Federal Reserve agent shall cause the information contained in reports of examination of member banks and other information available to him to be analyzed with a view to discovering apparent violations of that Act.

"It is understood that the same procedure will be followed in the office of the Comptroller with respect to apparent violations of section 32 of the Banking Act of 1933, on the assumption that the Federal Reserve agents will take steps, in connection with that section, similar to those prescribed in Regulation L in connection with the Clayton Act.

"It is assumed, of course, that such steps are being taken by your office in connection with section 32, and therefore the Board has not suggested the advisability of any modifications in the procedure adopted in the office of the Comptroller with respect to these two statutory provisions."

Approved unanimously.

Thereupon the meeting adjourned.

Robert M. Hovier
Secretary.

Approved:

W. C. C. C.
Chairman.