

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, May 19, 1936, at 12:45 p. m.

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

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:

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on May 18, 1936, were approved unanimously.

Letter to Mr. H. L. Cochran, Vice President, Banco de Puerto Rico, San Juan, Puerto Rico, reading as follows:

"Receipt is acknowledged of your letter of May 11 addressed to the Chairman of the Board of Governors in regard to the application of your bank for membership in the Federal reserve system. The question what action should be taken is receiving consideration by the Board and it is hoped that it will be possible to advise you at an early date as to the Board's position in the matter."

Approved unanimously.

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

"This refers to your letter dated May 4, 1936, presenting the question whether deposits made pursuant to the 'Security Monthly Thrift Plan' may be classified by a member bank as savings deposits under the definition contained in section 1(e) of Regulation Q.

"It is understood that under the rules and regulations published in the pass book used in connection with this plan, the depositor makes regular monthly deposits in the amount of \$2.50 or multiples thereof. Rule No. 6 provides that no

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"partial withdrawals may be made and that the principal of the account, together with the interest credited, must stand intact until the account is closed. Rule No. 11 provides that deposits may be payable on demand, but the Board of Directors may require 60 days' notice of withdrawal of such funds.

"It has been noted that Rule No. 11 does not state that the 60 days' notice must be in writing. Under the provisions of section 1(e) of Regulation Q a deposit may not be classified as a savings deposit unless the bank requires or reserves the right to require at least 30 days' written notice of withdrawal.

"It appears that the principal difference between deposits made pursuant to this plan and ordinary savings deposits is that no partial withdrawals are permitted under such plan. The pass book is in the usual form of savings pass book except for the fact that, since the account must be closed whenever a withdrawal is made, no provision is made for entries of withdrawals. However, under all of the circumstances of the case, it is the view of the Board that this book may be considered as a pass book within the meaning of section 1(e) of Regulation Q.

"Accordingly, if the provision authorizing the bank to require 60 days' notice of withdrawal is brought into conformity with the regulation by providing that such notice must be in writing, it is the opinion of the Board that deposits made pursuant to this plan may be classified by a member bank as savings deposits provided they comply with the other provisions of section 1(e) of Regulation Q.

"The inquiry inclosed with your letter appears to have been made by the seller of the Security Monthly Thrift Plan. For this reason the Board has been reluctant to express an opinion regarding the matter since, in cases of this kind, it is possible that its approval may be used for advertising purposes in connection with the sale of the plan. The Board prefers to express an opinion only when the question of the use of a particular plan is presented by a member bank which desires to use such plan and not to pass upon such a question when submitted by others. Accordingly, the Board has given its opinion concerning this plan as above stated solely for your information in answering such inquiries, if any, as may be received on this question from member banks, and the Board's opinion is not to be transmitted to the person who presented this inquiry or to others. It is suggested that you advise him of the reasons stated above as to why you are unable to obtain for him the information which he desires."

Approved unanimously.

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Letter to Honorable Henry A. Wallace, Secretary of Agriculture of the United States, reading as follows:

"Further reference is made to your letter of April 15, suggesting that the Board have State bank members of the Federal Reserve System show regularly, in their call reports of condition, the amount of their loans to farmers and the amount of farm real estate owned.

"The Board is glad to cooperate with your Department in this respect and will request State bank members to report the desired data as of the next call date. Pending a decision with respect to the standardization of the call report form, to which you refer in your letter, the Board prefers not to amend the present form of call report so as to require the data which you desire to be reported regularly. If no decision is reached with reference to the proposed standard form of call report before the fall call, consideration will be given to the question whether the desired information should again be called for on the present blanks.

"The matter of obtaining separate reports of branches located outside of the cities in which the parent banks are located, and of having such branch reports show the amount of loans to farmers and the amount of farm real estate owned, is now receiving consideration. It is not expected that a decision on this question will be reached in time to obtain such reports at the time of the next call."

Approved unanimously, together with a similar letter to Mr. William I. Myers, Governor of the Farm Credit Administration.

Letter to Mr. Olson, Assistant Vice President of the Federal Reserve Bank of Chicago, reading as follows:

"Referring to your letter of April 1, such studies as we have made of the cost of transmitting messages for the account of the Governmental agencies over the System's leased wires indicate that the cost of messages between such agencies and the branches would not be greatly different on the whole if charged at the main line leased wire rate of one message from the agency to the parent bank and as another message from the parent bank to the branch than if sent over the commercial wires at the Governmental rate, particularly if, as we assume, a substantial portion of such messages sent to the branches would in any case have

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"to be communicated to the head offices.

"When the branch line per word cost is lower than the main line per word cost, as is the case between your head office and the Detroit branch, it is suggested that the branch line cost be used in charging Governmental agencies for messages sent over the branch line."

Approved unanimously.

Letter to Honorable Will Rogers, House of Representatives, reading as follows:

"Receipt is acknowledged of your letter of May 13 addressed to the Chairman of the Board of Governors, in which you quoted a letter addressed to you by Mr. D. D. Van Dresser, President, Local Union No. 393, International Union of Operating Engineers, 1646 West Park Place, Oklahoma City, Oklahoma, in regard to possible affiliation with his organization of an engineer at the Federal Reserve Bank Building at Oklahoma City.

"This is a matter which does not come within the province of the Board of Governors and as any person rendering services at the Oklahoma City branch of the Federal Reserve Bank of Kansas City of the nature referred to in the letter to you is an employee of that bank, it is suggested that if your correspondent wishes to pursue the matter further he take it up directly with the bank."

Approved unanimously.

Thereupon the meeting adjourned.

Robert M. Mowbray
Secretary.

Approved:

W. C. M. Mowbray
Chairman.