

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Saturday, September 19, 1936, at 10:30 a. m.

PRESENT: Mr. Broderick
Mr. Szymczak
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, 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:

Memorandum dated September 16, 1936, from Mr. Goldenweiser, Director of the Division of Research and Statistics, recommending that Mrs. Ruth Porter Reehling, a clerk in the Division, be granted leave of absence on account of illness with full pay from September 13 through September 30, 1936, which is in addition to her accrued sick leave and the thirty additional days usually granted to employees in cases of serious illness.

Approved unanimously.

Letter to Mr. Walter Lichtenstein, Secretary of the Federal Advisory Council, Chicago, Illinois, reading as follows:

"I have your letter of September 11 in regard to the submission of proposed regulations to the Federal Advisory Council in future and have noted with interest your observations upon this matter. It has been a practice adopted comparatively recently to send to the American Bankers Association copies of drafts of proposed regulations which we send to the Federal reserve banks, in the form in which they have been prepared by the staff for consideration by the Board, with the distinct

9/19/36

-2-

"understanding that in that form they have not been passed upon by the Board, and to extend to the Association, through its President, an invitation, similar to that extended to the Federal reserve banks, to offer any suggestions or criticisms within a period which has usually been specified as thirty days from the date of the request. It was with the fact in mind that we had been following such a practice with the Federal reserve banks and the American Bankers Association, as I understand it, that the suggestion was made and agreed to by the Board members that the Federal Advisory Council be given a similar opportunity to comment upon and make suggestions regarding proposed regulations.

"It was therefore my understanding of the consensus at the recent meeting of the Council with the Board that we should in future send you a sufficient number of copies of such drafts of proposed regulations to enable you to distribute them to all members of the Federal Advisory Council and to obtain from them their views and assemble them and transmit them to the Board for its consideration at the same time that it considers comments and suggestions from the Federal reserve banks and any other groups that may be consulted. If a meeting of the Council were held during such a period, presumably the proposed draft would be considered at the meeting and appropriate action taken by the Council at that time. I have made this explanation of my understanding of what was contemplated solely as a matter of record, as I believe that your understanding is the same as mine."

Approved unanimously.

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

"This refers to your letter of September 10, inquiring as to whether instructions contained in the Board's letter X-9680, with respect to reports of visits made by officers and representatives of the Federal Reserve bank, are intended to cover reports of special visits now being made to member and nonmember banks in connection with your plan to have an officer of the bank visit all member banks and certain nonmember banks during the present calendar year.

"For some time the Federal Reserve Bank of Minneapolis has had one or more of its officers in the field visiting member and nonmember banks, each officer covering a special territory on each trip, and upon his return to the office he has written up a report covering the information gathered during his trip. For instance, the last report forwarded to

9/19/36

-3-

"the Board has sections devoted to the drought, Federal Reserve bank relationships, Government agencies and relief projects, banking, business, and agriculture. Under each of these topics a brief, concise statement has been made with respect to conditions found to exist.

"It is suggested that similar reports be submitted by officers of your bank following their return from each trip they make in visiting member and nonmember banks, including the special visits they intend to make during the remainder of the current year. It is not expected, of course, that these visits will be made for the purpose of gathering any particular character or type of information, but in discussing matters with the officials of the banks visited your officers will undoubtedly gain certain information regarding conditions existing in their part of the district, and also with respect to their attitude toward the System, and will very likely receive suggestions and criticisms from time to time with respect to the System's activities. It would be particularly helpful if such information, suggestions, and criticisms were included in their reports. The question of membership will, of course, frequently come up in the course of these discussions and the views expressed with respect thereto by the banks visited should be included in the reports."

Approved unanimously.

Memorandum dated September 15, 1936, from Mr. Vest, Assistant General Counsel, recommending that there be published in the next issue of the Federal Reserve Bulletin, statements in the form attached to the memorandum with respect to the Board's recent rulings on the following subjects:

National Bank Not Permitted to Invest Trust Funds in Securities Purchased From Any Affiliate of Such Bank.

Applicability of Section 22(g) of Federal Reserve Act to Indorsement by Executive Officer of Note of Partnership in Which He Has Less Than a Majority Interest.

Approved unanimously.

9/19/36

Thereupon the meeting adjourned.

Chester Howell
Secretary.

Approved:

J. A. Grodink
Member.