

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Monday, April 19, 1937, at 10:30 a. m.

PRESENT: Mr. Eccles, Chairman  
 Mr. Ransom, Vice Chairman  
 Mr. Broderick  
 Mr. Szymczak  
 Mr. McKee  
 Mr. Davis

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 April 16, 1937, were approved unanimously.

The minutes of the meeting of the Board of Governors of the Federal Reserve System held on April 17, 1937, were approved and the actions recorded therein were ratified unanimously.

Letter to Mr. Drinnen, First Vice President of the Federal Reserve Bank of Philadelphia, reading as follows:

"Referring to your letter of April 14, the Board of Governors of the Federal Reserve System notes without objection the action of the Executive Committee of your bank in granting Miss Sara G. Peoples a vacation of six weeks during the summer of 1937, three weeks of which is to be with full pay and three weeks without pay.

"It is understood that the regular vacation with pay to which Miss Peoples is entitled is two weeks."

Approved unanimously.

Letter to Mr. Fleming, President of the Federal Reserve Bank of

4/19/37

-2-

Cleveland, reading as follows:

"In accordance with your request, the Board approves the designations as assistant examiners for the Federal Reserve Bank of Cleveland of the employees listed in your letter of April 14, 1937. It is understood that the designation of such employees as assistant examiners has been requested in order that they may be available to lend temporary assistance to your regular examining staff, and that they will not be transferred permanently to the examination department without the Board's approval. Please keep the Board's Division of Examinations currently advised of any deductions from the list."

Approved unanimously.

Letter to Mr. Fletcher, Vice President of the Federal Reserve Bank of Cleveland, reading as follows:

"In accordance with your recommendation, the Board extends to June 30, 1937, the time within which the 'Monongahela Trust Company', Homestead, Pennsylvania, may accomplish membership."

Approved unanimously.

Letter to Mr. Dillistin, Assistant Vice President of the Federal Reserve Bank of New York, reading as follows:

"Your letter of April 6 and the copy inclosed therewith of a letter dated February 18, 1937, from National Commercial Bank and Trust Company, Albany, New York, together with a draft of proposed reply thereto, relating to the absorption of exchange charges, was brought to the attention of the members of the Board and discussed at a recent meeting. I was asked to advise you that the Board agrees with you that replies to inquiries of this character from member banks should in general be limited to a statement of the position indicated in the third paragraph of the Board's letter X-9846, of March 18, 1937. It suggests in this connection that your proposed letter might well be changed so as to include only the first three paragraphs as drafted and the last paragraph slightly revised as follows:

4/19/37

-3-

"Until the Board has made determinations which are of general application with regard to questions of this character, it would seem that member banks should exercise their own judgment as to whether or not, in the circumstances of particular cases, the payment by such banks of exchange charges or the absorption of such charges for their depositors should be deemed to be "compensation for the use of funds constituting a deposit" so as to come within the classification of "interest" within the meaning of subsection (a) of Section 2 of Regulation Q as amended effective February 11, 1937, having in mind, of course, that, as the Board has indicated, the decisions of the member banks are subject to review upon all of the facts shown by the records of the bank and the examiners' reports."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. S. ...  
Chairman.