

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Tuesday, April 27, 1937, at 10:45 a. m.

PRESENT: Mr. Eccles, 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
Mr. Paulger, Chief of the Division of
Examinations
Mr. Dreibelbis, Assistant General Counsel
Mr. Wingfield, Assistant General Counsel
Mr. Cagle, Assistant Chief of the Division
of Examinations
Mr. Baumann, Assistant Counsel

Mr. McKee referred to the action taken by the Board on April 20, 1937, in authorizing the issuance of general voting permits to Transamerica Corporation and Inter-America Corporation, and stated that a letter dated April 24, 1937, had been received through the Federal Reserve Agent at San Francisco from Transamerica Corporation requesting a change in, and certain understandings in connection with, the standard form of agreement required to be executed as a condition precedent to the issuance of general voting permits authorizing the holding company affiliates to vote the stock owned or controlled by them in the Bank of America National Trust and Savings Association, The First National Bank of Portland, Portland, Oregon, and the First National Bank in Reno, Reno, Nevada.

After discussion of the request of the holding company affiliates, Mr. McKee moved that a telegram be sent to the Federal Reserve Agent at San Francisco, reading as follows:

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"Re Sonne's letter of April 24, 1937, and inclosures, concerning voting permit applications of Transamerica Corporation and Inter-America Corporation, San Francisco, California. Board has offered to issue general voting permits to applicants on same basis on which such permits have been accepted by other holding company affiliates and Board is not willing to make changes in the usual agreement in case of Transamerica Corporation and Inter-America Corporation where there are no unusual or special circumstances justifying such changes. In addition, Board cannot undertake in advance to outline all facts which will be necessary at any particular time to satisfy Board that any organization has ceased to be a holding company affiliate within meaning of applicable provisions of law. With reference to effect of paragraph (D) of agreements, please advise applicants that such paragraph is not intended to limit their rights or to give Board any rights which it otherwise would not have. However, if applicants should desire that such paragraph (D) be omitted from agreements, Board has no objection to such omission. Advise applicants that such position of Board regarding paragraph (D) is in conformity with its previous action taken in other cases when requested (see Board's letter X-9473-b). Reference last paragraph of Andrews' letter of April 24, 1937, advise applicants that until agreements are terminated applicants will be bound in accordance with terms thereof as applied to facts existing from time to time."

Carried unanimously.

At this point Messrs. Paulger, Wingfield, Cagle and Baumann left the room.

Consideration was given to analyses prepared by the Division of Research and Statistics, in accordance with the action taken by the Board on March 30, 1937, of bill H.R. 5010 introduced by Representative Patman and bill S. 1990 introduced by Senator Thomas. Copies of the analyses had been sent to the members of the Board in connection with their consideration of the reply to be made to the letter received from Representative Steagall, Chairman of the Banking and Currency Committee of the House of Representatives in regard to bill H.R. 5010. It was

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agreed that Chairman Eccles should discuss the matter with Representative Steagall in view of the Board's understanding that no major banking legislation is to be considered at the present session of Congress.

At this point Mr. Dreibelbis left the meeting and consideration was then 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 26, 1937, were approved unanimously.

Telegram to Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the bank today of the rates of discount and purchase in its existing schedule.

Approved unanimously.

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

"Receipt is acknowledged of your letter of April 13, 1937, inclosing documents and correspondence relating to the assumption by the 'Montana Bank and Trust Company', Great Falls, Montana, (member) of the deposit liability of the Sun River Valley State Bank, Simms, Montana, (nonmember) and the acquisition of a corresponding amount of assets.

"In view of the relatively small amount of deposits assumed and the fact that the offsetting assets acquired consisted mainly of cash and readily marketable securities, it does not appear that the transaction has resulted in any change in the general character of the business or in the scope of the corporate powers exercised by the member bank, and, therefore, it is not regarded as coming within the scope of general condition of membership numbered one, under which the bank was admitted to the system. It is understood that the transaction has been approved by the Montana State Department of Banking, and it is assumed that your counsel

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"is satisfied that it has not resulted in any change which will affect the status of the Montana Bank and Trust Company as a member of the Federal Reserve System."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.