A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, April 29, 1937, at 2:30 p.m.

PRESENT: Mr. Eccles, Chairman
Mr. McKee
Mr. Davis
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. Preston, First Vice President of the Federal Reserve Bank of Chicago, stating that the Board approves changes in the personnel classification plan of the Chicago bank, as recommended in his letter of April 20, which provided for increases in the maximum salaries for the following positions:

<table>
<thead>
<tr>
<th>Position</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code Clerk, Leased Wire, Codes &amp; Telegrams Department</td>
<td>$2,160</td>
<td>$2,400</td>
</tr>
<tr>
<td>Bill Analyser, Disbursing Dept.</td>
<td>1,800</td>
<td>2,160</td>
</tr>
<tr>
<td>General Clerk, Check Dept.</td>
<td>1,800</td>
<td>2,160</td>
</tr>
</tbody>
</table>

Approved unanimously.

Telegram to Mr. Harrison, President of the Federal Reserve Bank of New York, reading as follows:

"Your letter April 28 inclosing draft of proposed cable to State Bank of USSR. For your records, you are advised that following an inquiry from the Treasury, Board of Governors authorized Chairman Eccles informally to state to Treasury Department that if and when request was made by your bank for approval of opening of account for State Bank of USSR, Board would approve opening of account provided
"such opening could be arranged on same general terms and conditions as accounts opened by your bank for other central banks having accounts with you. Chairman Eccles advised Treasury Department accordingly by telephone."

Approved unanimously.

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

"Reference is made to your letter of April 29, 1937 stating that your bank has decided for the present to limit expenditures on behalf of members of the bank's staff who may hereafter be selected to attend the Graduate School of Banking at Rutgers to the granting of leave of absence with pay plus transportation expenses.

"It is noted, however, that your bank desires to pay all of the fees and expenses incident to attending the Graduate School in the case of one of the employees of the Federal Reserve bank who enrolled last year in anticipation of completing the three year course on the basis of the bank's paying the entire cost of attendance at the Graduate School. Under the circumstances the Board will interpose no objection to the payment by the Federal Reserve bank in this case of all fees and expenses, which it is understood will amount to $156."

Approved unanimously.

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

"Reference is made to your letter of April 13, 1937, with inclosure presenting for the Board's consideration the question whether, under the provisions of section 8 of the Clayton Antitrust Act, as amended, and the Board's Regulation L, Mr. S. R. Kirby, Jr., Duluth, Minnesota, may serve as a director of Northwestern State Bank of Duluth while at the same time serving The Northern National Bank of Duluth and Duluth Morris Plan Company, all of Duluth, Minnesota.

"It is noted from your letter that Mr. Kirby is also serving Miners State Bank, Chisholm, Minnesota, and The First National Bank of Virginia, Virginia, Minnesota; and that, under date of January 16, 1937, you advised him with respect to his various interlocking relationships except that involving The Northern National Bank of Duluth and Northwestern..."
"State Bank of Duluth in connection with which you requested information relative to the existence of such common ownership of stock of these institutions and Duluth Morris Plan Company as might bring an interlocking relationship involving The Northern National Bank of Duluth and Northwestern State Bank of Duluth within the contemplation of the exception set forth in paragraph (d)(4) of Section 2 of the Board's Regulation L.

"It appears from the information subsequently submitted in response to your request that, with the exception of qualifying shares of directors, Duluth Morris Plan Company owns all of the capital stock of Northwestern State Bank of Duluth. It also appears that although five of the fourteen directors of Duluth Morris Plan Company are either directors or officers of The Northern National Bank of Duluth, 'the combined stockholdings of such directors and of other shareholders do not amount to more than 50 per cent of the common stock of the two corporations'.

"The exception set forth in paragraph (d)(4) of Section 2 of the Board's Regulation L is applicable only to relationships involving a member bank and 'banks ... more than 50 per cent of the common stock of which is owned directly or indirectly by persons who own directly or indirectly more than 50 per cent of the common stock of such member bank'. Although it appears that more than 50 per cent of the common stock of Northwestern State Bank of Duluth is owned directly or indirectly by persons who own more than 50 per cent of the common stock of Duluth Morris Plan Company, a State nonmember institution, it does not appear that persons who own directly or indirectly more than 50 per cent of the common stock of The Northern National Bank of Duluth, a member bank, own either directly or indirectly more than 50 per cent of the common stock of Northwestern State Bank of Duluth. Accordingly, it appears that the exception set forth in paragraph (d)(4) of Section 2 of the Board's Regulation L is not applicable to a relationship involving The Northern National Bank of Duluth and Northwestern State Bank of Duluth and therefore, that Mr. Kirby may not serve at the same time as a director or officer of these institutions."

Approved unanimously.

Thereupon the meeting adjourned.

Approved:

Chairman.  

Assistant Secretary.