

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, May 26, 1937, at 12:30 p. m.

PRESENT: Mr. Eccles, Chairman
Mr. Broderick
Mr. Szymczak
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 May 25, 1937, were approved unanimously.

Telegram to Mr. Young, President of the Federal Reserve Bank of Boston, 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.

Telegram to Mr. Newton, President of the Federal Reserve Bank of Atlanta, reading as follows:

"Retel May 26. Board approves designations as assistant examiners, for the one examination only, of the eight branch employees listed in your telegram."

Approved unanimously.

Letter to Mr. Edward C. Tefft, Supervising Liquidator, Division

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of Liquidation, Federal Deposit Insurance Corporation, reading as follows:

"Receipt is acknowledged of your letter of May 22, 1937, requesting the Board's assent to the proposed transaction whereby the 'Carroll County Trust Company of Carrollton, Missouri', a member bank will purchase the acceptable assets and assume the deposit liabilities of the Carroll Exchange Bank, also of Carrollton, Missouri, a nonmember bank. You have advised that, in order to facilitate the plan, the Board of Directors of the Federal Deposit Insurance Corporation has approved a loan of not to exceed \$280,000 to the Carroll Exchange Bank.

"During a recent visit in Washington, Mr. Wood, Vice President of the Federal Reserve Bank of St. Louis, advised members of the Board's staff that such a plan was under consideration. Mr. Wood stated that he had discussed the matter with Mr. Vance L. Sailor, supervising examiner of the Sixth Federal Deposit Insurance District, and that he had made arrangements with Mr. Sailor to have examiners for the Federal Reserve Bank of St. Louis available to review the assets of the Carroll Exchange Bank, which would be taken over by the Carroll County Trust Company of Carrollton, Missouri, if the plan were consummated.

"It was understood that the transaction would be in the form of purchase of assets through assumption of liabilities, in which case there would be no change in the corporate status of the member bank which would affect its membership in the System, and while the complete details of the proposed transaction were not available, Mr. Wood stated that the move would be constructive and that the absorption would be on a sound basis. Mr. Wood also advised that the banks desire to effect the transaction over the weekend of May 30, 1937.

"In the circumstances, therefore, although the complete information on which the Board usually acts in such cases is not available, the Board assents to the transaction."

Approved unanimously.

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

"Reference is made to Mr. Dillistin's letter of May 6, 1937, transmitting the application of the 'Trade Bank of New York', New York, New York, for permission to create acceptance

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"liability on drafts or bills of exchange to an amount not exceeding at any one time in the aggregate one hundred per centum of its capital and surplus.

"Pursuant to the provisions of Section 13 of the Federal Reserve Act, the Board of Governors of the Federal Reserve System authorizes the Trade Bank of New York, New York, New York, to accept drafts or bills of exchange to an amount (which amount shall include any drafts and bills of exchange accepted by other banks for its account) not exceeding at any one time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus, subject to the provisions of the Federal Reserve Act, the Board's Regulation C issued pursuant thereto, and condition number 8 prescribed by the Board at the time the bank was admitted to membership in the Federal Reserve System. Please advise the Trade Bank of New York of the Board's action in the premises."

Approved unanimously.

Letter to Mr. A. J. Altmeyer, Chairman of the Social Security Board, reading as follows:

"Receipt is acknowledged of your letter of May 11 in regard to the creation of an Inter-Departmental Committee on Research in Social Security which would provide a means for exchange of experience and information among the various agencies, eliminate duplication of effort and integrate research on problems of mutual interest.

"The Board of Governors sees merit in the proposal and has designated Mr. E. A. Coldenweiser, Director of its Division of Research and Statistics as its representative to discuss plans for the creation of such a Committee."

Approved unanimously.

Letter to Mr. John Nichols, Chief, Division of Examination, Federal Deposit Insurance Corporation, reading as follows:

"In accordance with the oral request which you recently made to Mr. Leo H. Paulger, Chief of the Board's Division of Examinations, there are inclosed herewith copies of letters which the Board has written regarding its interpretation of the provisions of Regulation Q relating to 'time deposits, open account'. These letters have not been made public, and copies thereof are furnished to you on the understanding that

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"they will be treated as confidential and will be made available only to members of the staff of the Federal Deposit Insurance Corporation."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morley
Secretary.

Approved:

W. S. Scales
Chairman.