

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, June 2, 1937, at 3:00 p. 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 June 1, 1937, were approved unanimously.

Telegram to Mr. Austin, Chairman of the Federal Reserve Bank of Philadelphia, and Mr. Stewart, Secretary of the Federal Reserve Bank of St. Louis, stating that the Board approves the establishment without change by the respective banks today of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Letter to Honorable Henry G. Morgenthau, Secretary of the Treasury, reading as follows:

"Under date of February 5, 1920, Mr. R. C. Leffingwell, Assistant Secretary of the Treasury, wrote to the Board inviting attention to a recommendation made by the Secret Service Division of the Treasury that a vault clerk be assigned for duty at the Bureau of Engraving and Printing with respect to the custody of the reserve stock of Federal Reserve notes. At that time it appeared that the stock of Federal Reserve

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"notes was held in the joint custody of a representative of the Secretary of the Treasury and a representative of the Director of the Bureau of Engraving and Printing, and that the Secret Service Division thought that in addition a separate vault clerk, independent of the Loans and Currency Division of the Treasury and the Bureau of Engraving and Printing, should be placed in charge of the Federal Reserve vault, and that he should be made responsible for its contents.

"In replying to Mr. Leffingwell's letter, the Federal Reserve Board approved of the appointment of a vault clerk to serve as custodian of the reserve stock of Federal Reserve notes at the Bureau of Engraving and Printing with the distinct understanding that such custodian should be subject solely to the jurisdiction and orders of the Secretary of the Treasury, and that the Federal Reserve Board and the Federal Reserve banks should be in no way liable for his acts, either of omission or commission. Pursuant to this action Mr. William J. Rowan was appointed as vault clerk and has since been carried on the Board's payroll.

"The Board is, of course, interested in having adequate protection for the reserve stock of Federal Reserve Currency at the Bureau of Engraving and Printing. Since, however, the custody of such notes is clearly the responsibility of the Treasury Department, and since the Board would prefer not to carry on its payroll any person who is not subject to its orders and instructions, it would be appreciated if any costs incurred at the Bureau in connection with the custody of Federal Reserve notes which are chargeable against the Federal Reserve banks could be included in the cost of production of Federal Reserve notes, which costs are paid by the Federal Reserve banks monthly upon receipt of advice of the amount thereof from the Bureau of Engraving and Printing.

"If such an arrangement can be worked out the Board would appreciate it if it is made effective as of July 1, 1937."

Approved unanimously.

Telegram to Mr. Young, Vice President of the Federal Reserve Bank of Chicago, referring to the application of "The State Bank of London Mills", London Mills, Illinois, for permission to withdraw immediately from membership in the Federal Reserve System, and stating that the Board waives the usual requirement of six months notice of intention to withdraw, and that, accordingly, upon surrender of the Federal reserve bank stock issued to The State Bank of London Mills, the

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Federal Reserve Bank of Chicago is authorized to cancel such stock and make appropriate refund thereon.

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie
Secretary.

Approved:

W. S. ...
Chairman.