

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Wednesday, August 11, 1937, at 11:30 a. m.

PRESENT: Mr. Eccles, Chairman  
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 August 10, 1937, were approved unanimously.

Letter to Mr. McKinney, President of the Federal Reserve Bank of Dallas, reading as follows:

"This refers to your letter of July 29, 1937, inclosing a copy of a letter from the First National Bank, Eagle Pass, Texas and a copy of your reply thereto, regarding the applicability of the 10 per cent loan limitation in section 5200 of the Revised Statutes to a loan made by a national bank to its depositor upon the security of his time deposit under the provisions of section 4(e) of Regulation Q.

"In view of the fact that this question involves an interpretation of section 5200 of the Revised Statutes which is applicable to national banks, it appears that an authoritative ruling upon the question could be obtained only from the Comptroller of the Currency. However, an informal inquiry at the office

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"of the Comptroller has failed to disclose any ruling on this matter and, in the absence of such a ruling there appears to be no reason to differ from the opinion expressed in your letter to the national bank to the effect that loans made on the security of time deposits are subject to the 10 per cent limitation in section 5200."

Approved unanimously.

Letter to the Manufacturers' Casualty Insurance Company, Philadelphia, Pennsylvania, reading as follows:

"The Board of Governors of the Federal Reserve System purchased in June 1937 one new 1937 Dodge one-ton truck, Serial No. 8076149, Motor No. T30-5573, at a cost of \$733.64. The truck will be used in and about Washington, D. C., not exceeding 50 miles from the Board's building on Constitution Avenue between 20th and 21st Streets, N. W.

"The Board has also purchased, in August 1937, one new 1937 Chrysler Custom Imperial Limousine, Serial No. 7804007, Motor No. C15-1009, at a cost of \$1625, and one new 1937 Chrysler Royal Touring Sedan, Serial No. 6937854, Motor No. C16-78756, at a cost of \$783.

"It is desired to obtain insurance covering the Board against bodily injury liability (\$20,000/40,000 limits), property damage liability (\$5,000 limit), fire, theft and tornado, for a period of one year beginning immediately, with respect to each of the three cars above described. It is understood that the annual premiums for the above insurance will be the appropriate amounts set forth in the proposal attached to the letter addressed to the Board by the President of the Guardian Management Corporation under date of August 6, 1937, and that at the expiration of the policy year a dividend of ten per cent of the amount of the premiums in respect to liability and property damage insurance will be paid to the Board.

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"However, if the insurance is written, it will be necessary that your company agree in writing that, except with the written consent of the Board, no claim or action for injuries or damages covered by the bodily injury liability insurance or the property damage liability insurance will be denied or defended on the ground that the Board is immune from such claim or action because of the fact that the Board is an establishment or agency of the United States.

"If you are prepared to furnish the insurance subject to this agreement, please execute and forward the necessary policy covering all three cars and incorporate the agreement as above set forth in a rider attached thereto.

"In this connection it is understood that the policy issued will contain a paragraph substantially the same as the second paragraph entitled 'Additional Assured' under 'General Provisions and Conditions' contained in a Specimen Automobile Policy of your company which has been furnished to the Board and that under such provision all of the benefits provided in the policy with respect to bodily injury liability coverage and property damage liability coverage will be applicable and effective, subject to the other provisions of the policy, in favor of the Board if claim is made or suit is brought against the Board alone, or in favor of any person operating any of the three automobiles with the permission of the Board if claim is made or suit is brought against such person alone, or in favor of both the Board and such person if claim is made or suit is brought against both of them. In order, however, that the Board may be assured of its interpretation of the policy in this respect, it is requested that in a letter to the Board you confirm our understanding as set forth above with regard to the clause in question."

Approved unanimously.

Thereupon the meeting adjourned.

Chester Morrie  
Secretary.

Approved:

W. C. C. C.

Chairman.