

A meeting of the Board of Governors of the Federal Reserve System was held in Washington on Thursday, August 19, 1937, at 11:00 a. m.

PRESENT: Mr. Ransom, Vice Chairman
Mr. Szymczak
Mr. McKee
Mr. Davis

Mr. Morrill, Secretary
Mr. Bethea, Assistant Secretary
Mr. Carpenter, Assistant Secretary
Mr. Thurston, Special Assistant to the
Chairman
Mr. Wyatt, General Counsel
Mr. Paulger, Chief of the Division of
Examinations
Mr. Dreibelbis, Assistant General Counsel
Mr. Wingfield, Assistant General Counsel
Mr. Leonard, Assistant Chief of the
Division of Examinations
Mr. Van Fossen, Assistant Chief of the
Division of Bank Operations
Mr. Blattner, Assistant Director of the
Division of Research and Statistics
Mr. Chamberlin, Federal Reserve Examiner

There was presented a tentative draft of an amendment to Regulation F, Trust Powers of National Banks, to provide for the establishment and operation of common trust funds. Mr. Ransom stated that he had requested that the amendment be discussed at this meeting with a view to determining whether it should be sent to the Federal reserve banks and other interested parties for their comments and criticisms. The proposed amendment was discussed and certain changes were made therein.

Mr. Ransom moved that, after the amendment has been cleared with the Securities and Exchange Commission and the Bureau of Internal Revenue, copies thereof be sent to the Federal reserve banks, the American Bankers Association, the

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Federal Advisory Council, State bank supervisors, and such other interested parties as he may determine, for their criticisms and suggestions.

Carried unanimously.

At this point Messrs. Thurston, Wyatt, Paulger, Dreibelbis, Wingfield, Leonard, Van Fossen, Blattner and Chamberlin 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 August 17, 1937, were approved unanimously.

Telegrams to Mr. Young, President of the Federal Reserve Bank of Boston, Mr. McAdams, Secretary of the Federal Reserve Bank of Kansas City, and Mr. Sargent, Secretary of the Federal Reserve Bank of San Francisco, stating that the Board approves the establishment without change by the Boston bank on August 18 and by the Kansas City and San Francisco banks on August 19, 1937, of the rates of discount and purchase in their existing schedules.

Approved unanimously.

Telegram to Mr. Clyde Austin, c/o Douglas Tobacco Company, Douglas, Georgia, reading as follows:

"Board of Governors has appointed you director of Nashville branch of Federal Reserve Bank of Atlanta for unexpired portion of term ending December 31, 1938. Please wire acceptance collect."

Approved unanimously.

Telegram to Mr. W. E. McEwen, Williamsport, Tennessee, reading as follows:

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"Board of Governors has appointed you director of Nashville branch of Federal Reserve Bank of Atlanta for unexpired portion of term ending December 31, 1939. Please wire acceptance collect."

Approved unanimously.

Telegram to Mr. Edward L. Norton, Birmingham, Alabama, reading as follows:

"Board of Governors has appointed you director of Birmingham branch of Federal Reserve Bank of Atlanta for unexpired portion of term ending December 31, 1937. Please wire acceptance collect."

Approved unanimously.

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

"This refers to your letter of August 3, 1937 with regard to a possible embezzlement or abstraction occurring at the Bank of Sturgeon Bay, Sturgeon Bay, Wisconsin. It is noted that since the examiner was unable to furnish sufficient proof of the guilt of any of the parties involved, your Counsel is of the opinion that the matter should not be reported to the Bureau of Investigation until an audit of the books of the bank has been made. You inquire whether this procedure meets with the Board's approval.

"In view of the circumstances of this case there is no objection to the procedure indicated in your letter. However, an audit of the books of the bank should be made within a reasonable time and a report thereof should be furnished to your bank. If such audit discloses an apparent violation of the criminal provisions of the banking laws of the United States by any person, it is assumed that you will handle the matter in accordance with the procedure set forth in the Board's letters of July 8, 1937 and July 16, 1937 (S-12 and S-14)."

Approved unanimously.

Letter to Mr. Robert A. Patteson, President The Tarrytown National Bank and Trust Company, Tarrytown, New York, reading as follows:

"This refers to your letter of August 16, 1937 regarding the payment of interest by your bank on a savings deposit

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"in the name of Sleepy Hollow Cemetery Association.

"The Board of Governors has heretofore ruled that a corporation, association, or other organization engaged in the sale and maintenance of cemetery lots may be considered as an organization operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes, within the meaning of the definition in section 1(e) of Regulation Q, and, if such an organization is in fact not operated for profit, its deposits in a member bank may be classified as savings deposits provided they comply with the other requirements of the regulation.

"The Board is now reviewing some of its rulings under the definition of savings deposits but, until such time as a decision is reached regarding this matter, it will be proper for your bank to classify the deposit of the Sleepy Hollow Cemetery Association as a savings deposit provided, of course, that the Association is not operated for profit and that the deposit otherwise complies with the provisions of Regulation Q.

"If you should have any further questions regarding this matter or any similar matter, it is suggested that you communicate with the Federal Reserve Bank of New York."

Approved unanimously.

Letter to Honorable William O. Douglas, Acting Chairman of the Securities and Exchange Commission, reading as follows:

"Following receipt of your letter of August 13th with regard to publication of the statistics gathered by your Research Division reflecting the status of restricted margin accounts, I have discussed this matter with members of the Board of Governors as well as with Dr. Parry, whose views had previously been communicated to members of your staff.

"The members of the Board concur fully in the general policy of publishing information which is important to the public and the disclosure of which is not incompatible with the public interest. They are not prepared to take the position that the publication of these data, collected from nineteen member firms, showing the number of restricted and unrestricted accounts, the debit balances, and the equity in such accounts, would be incompatible with the public interest. Accordingly, it is felt that the question of whether the figures are to be made public should be determined by the Commission in the light of its experience and of what it considers most advisable.

"In the event that the Board should consider it desirable at some future date to gather similar data, the matter can then be taken up again with the Commission.

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"I want to express to you our appreciation of your letter and of the cooperation which it evidences between the Commission and the Board."

Approved, Mr. McKee voting "no".

Letter dated August 18, 1937, to Mr. Schaller, President of the Federal Reserve Bank of Chicago, reading as follows:

"Referring further to your letters of July 6 and July 9 with respect to the handling of currency for member banks in the cities of Chicago and Detroit, and to the Board's reply thereto dated July 30, with which was inclosed a copy of its letter to Mr. Fleming, there is inclosed a copy of a letter from Mr. Fleming dated August 11, to which are attached copies of letters written to Mr. Fleming by Mr. Leach and Mr. Sinclair, the other members of the Presidents' Conference Committee on Free Services.

"The members of the Committee apparently feel that there has not been sufficient time for the Reserve banks to ascertain just what can be accomplished through interviews with local member banks toward reducing the expense of handling currency, and they are of the opinion that it would be advisable to delay writing the Presidents on this subject until the time of the survey of the currency operations of the Federal Reserve banks to be made during the early part of next year.

"It is assumed that the Federal Reserve banks are doing what they can to carry out the recommendations of the Committee on Free Services which have been approved by the Presidents' Conference and it is hoped that definite information with respect to the results which have been or are to be accomplished will be available early next year."

Approved unanimously.

Thereupon the meeting adjourned.

Brester Morrill
Secretary.

Approved:

Donald Jamison
Vice Chairman.